2023 Consolidated Financial Statements

December 31, 2023

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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 by management in accordance with Canadian Generally Accepted Accounting Principles 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 2023 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 XX, 2024

David McIsaac
Executive Director, Finance Shared Services & Interim Controller

Stephen Conforti
Chief Financial Officer and Treasurer

Paul Johnson
City Manager

Independent auditor’s report

KPMG signed and dated opinion to be inserted following City Council approval

(in millions of dollars, unless otherwise stated)

Consolidated statement of financial position

As at December 31, 2023 with comparatives to 2022

		2023		2022 Restated (Note 2)
Financial assets				
Cash and cash equivalents	$	4,419	$	4,637
Accounts and taxes receivable (Note 3)		3,198		3,033
Loans receivable (Note 4)		168		186
Other assets (Note 5)		60		44
Investments (Note 6)		7,028		6,422
Investments in Government Business Enterprises (Note 7)		2,428		2,380
Total financial assets		**17,301**		**16,702**
Liabilities				
Bank indebtedness (Note 8)		143		118
Accounts payable and accrued liabilities (Note 9)		3,599		3,810
Deferred revenue (Note 10)		7,552		6,464
Provisions for property and liability claims (Note 11)		493		495
Environmental and contaminated site liabilities (Note 12)		276		279
Mortgages payable (Note 13)		451		440
Long-term debt (Note 14)		8,586		8,859
Employee benefit liabilities (Note 15)		4,810		4,669
Asset retirement obligation (Note 16)		993		955
Total liabilities		**26,903**		**26,089**
Net debt		**(9,602)**		**(9,387)**
Non-financial assets				
Prepaid expenses		154		142
Inventories (Note 17)		297		325
Tangible capital assets (Note 18, Schedule 1)		42,853		40,400
Total non-financial assets		**43,304**		**40,867**
Accumulated surplus (Note 19)		**32,730**		**31,480**
Accumulated remeasurement gains		**972**		**-**
	$	**33,702**	**$**	**31,480**

Contingent assets and liabilities (Note 20)

Contractual rights and obligations (Note 21)

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

(in millions of dollars, unless otherwise stated)

Consolidated statement of operations and accumulated surplus

For the year ended December 31, 2023 with comparatives to 2022

	2023 Budget (Note 22)	2023 Actual	2022 Restated actual (Note 2)
Revenues			
Property taxes and taxation from other governments (Note 23)	$ 5,297	$ 5,380	$ 4,974
Government transfers (Note 24)	5,225	4,278	4,463
User charges	3,702	3,457	3,224
Municipal land transfer tax	944	751	1,038
Rent and concessions	506	553	513
Development charges	689	446	344
Investment income	300	337	131
Government business enterprises earnings (Note 7)	-	178	197
Other revenue sources (Note 25)	906	945	749
Total revenues	**17,569**	**16,325**	**15,633**
Expenses			
Transportation	4,413	4,074	3,787
Social and family services	4,096	3,570	3,080
Protection to persons and property	2,138	2,241	2,104
Environmental services	1,474	1,143	1,118
Recreation and cultural services	1,282	1,137	1,009
Social housing	1,148	1,068	1,003
General government	1,445	1,062	1,081
Health services	704	612	642
Planning and development	212	168	51
Total expenses (Note 26)	**16,912**	**15,075**	**13,875**
Annual surplus	**657**	**1,250**	**1,758**
Accumulated surplus – beginning of year	31,480	31,480	30,426
Transition adjustment for asset retirement obligations (Note 1 and 2)	-	-	(704)
Adjusted accumulated surplus – beginning of year	**31,480**	**31,480**	**29,722**
Accumulated surplus – end of year	**$ 32,137**	**$ 32,730**	**$ 31,480**

Segmented information is presented in Appendices 2 and 3.

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

(in millions of dollars, unless otherwise stated)

Consolidated statement of remeasurement gains and losses

For the year ended December 31, 2023 with comparatives to 2022

		2023
Accumulated remeasurement gains – beginning of year	$	-
Transition adjustment for financial instruments (Note 2)		1,050
Adjusted accumulated remeasurement gains – beginning of year		**1,050**
Unrealized gains (losses) attributable to:		
Equity investments		128
Debt designated to fair value		(398)
Other investments designated to fair value		190
Reclassified to consolidated statement of operations:		
Equity investments		(1)
Other investments designated to fair value		3
Net remeasurement losses during the year		**(78)**
Accumulated remeasurement gains – end of year	**$**	**972**

(in millions of dollars, unless otherwise stated)

Consolidated statement of change in net debt

For the year ended December 31, 2023 with comparatives to 2022

	2023 Budget (Note 22)	2023 Actual	2022 Restated actual (Note 2)
Annual surplus	**$ 657**	**$ 1,250**	**$ 1,758**
Acquisition of tangible capital assets	(4,366)	(4,366)	(3,693)
Amortization of tangible capital assets	1,743	1,776	1,651
Loss (gain) on disposal of tangible capital assets	-	15	(153)
Donated tangible capital assets	-	(9)	(8)
Proceeds on disposal of tangible capital assets	-	131	253
Change due to tangible capital assets	(2,623)	(2,453)	(1,950)
Change in prepaid expenses	-	(12)	8
Change in inventories	-	28	(56)
Net remeasurement losses	-	(78)	-
Increase in net debt	**$ (1,966)**	**$ (1,265)**	**$ (240)**
Net debt – beginning of year	(9,387)	(9,387)	(8,379)
Transition adjustment for asset retirement obligations (Note 1 and 2)	-	-	(768)
Transition adjustment for financial instruments (Note 2)	1,050	1,050	-
Adjusted net debt – beginning of year	**(8,337)**	**(8,337)**	**(9,147)**
Net debt – end of year	**$ (10,303)**	**$ (9,602)**	**$ (9,387)**

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

(in millions of dollars, unless otherwise stated)

Consolidated statement of cash flows

For the year ended December 31, 2023 with comparatives to 2022

	2023	2022 Restated (Note 2)
Cash flows provided by (used in):		
Operating activities		
Annual surplus	$ 1,250	$ 1,758
Add (deduct) items not involving cash:		
Government business enterprise earnings from operations	(178)	(197)
Amortization of tangible capital assets	1,776	1,651
Loss (gain) on disposal of tangible capital assets	15	(153)
Donated tangible capital assets	(9)	(8)
Transition adjustment for financial instruments	972	-
Adjustments for fair market value of long-term debt	(711)	-
Adjustments for fair market value of sinking funds	(81)	-
Adjustments for fair market value of investments	(209)	-
Accretion expense for asset retirement obligations	4	5
	2,829	3,056
Changes in non-cash assets and liabilities:		
Accounts and taxes receivable	(165)	(957)
Accounts payable and accrued liabilities	(211)	402
Deferred revenue	1,088	641
Provision for property and liability claims	(2)	15
Environmental and contaminated sites liabilities	(3)	(7)
Employee benefit liabilities	141	162
Asset retirement obligations	34	-
Prepaid expenses	(12)	8
Inventories	28	(56)
Cash provided by operating activities	**3,727**	**3,264**
Capital activities		
Acquisition / construction of tangible capital assets	(4,366)	(3,693)
Proceeds on disposal of tangible capital assets	131	253
Cash used in capital activities	**(4,235)**	**(3,440)**
Financing activities		
Net change in bank indebtedness	25	19
Principal repayments on mortgages payable	(57)	(31)
Issuance of long-term debt	1,139	1,279
Principal repayments on long-term debt	(523)	(465)
Interest earned on sinking funds	(29)	(19)
Cash provided by financing activities	**$ 555**	**$ 783**

(in millions of dollars, unless otherwise stated)

Consolidated statement of cash flows (cont.)

For the year ended December 31, 2023 with comparatives to 2022

		2023		2022 Restated (Note 2)
Investing activities				
Net change in other assets	$	(16)	$	-
Net change in loans receivable		18		8
Proceeds from the sale and maturities of investments		10,544		8,981
Purchase of investments		(10,941)		(11,712)
Distributions from government business enterprises		130		111
Cash used in investing activities		**(265)**		**(2,612)**
Net decrease in cash and cash equivalents during the year		**(218)**		**(2,005)**
Cash and cash equivalents – beginning of year		4,637		6,642
Cash and cash equivalents – end of year	**$**	**4,419**	**$**	**4,637**
Supplementary information:				
Cash paid for interest on long-term debt	$	421	$	365
Cash received for interest on investments	$	195	$	147

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, 2023

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 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 consolidated financial statements.

d. Trust funds

Trust funds administered by the City are not included in these consolidated financial 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. Actual amounts, accounted for as they become known, may differ significantly from these estimates.

f. 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, 2023, all material assets have been disclosed and reported within the City's Statements.

g. Financial assets

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

h. 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.

i. 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.

j. 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 deferred revenues, which are 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 revenue when declared.

k. Financial instruments and fair value hierarchy

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

Financial assets	Measurement basis
Cash and cash equivalents	Cost / amortized cost
Trade and other receivables	Cost / amortized cost
Loans receivable	Cost / amortized cost
Investments	Fair value

Financial liabilities	Measurement Basis
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.

l. 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 receipts from other levels of government or other third parties, advance payments for tickets, building permits and program registration fees, contributions from developers according to Section 37 of the Planning Act, and revenues set aside for specific purposes, represent revenues which have been collected, but for which the related services have not yet been provided. These liabilities are recorded as deferred revenues and are recognized as revenue in the year the related expenses are incurred or services are performed, as this is the time the eligibility criteria have been met and the amounts considered earned.

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 from the City's historical experience on loss payments. 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 TTC has a self-insurance program for Automobile and General Liability claims. When claims are reported, case reserves are initially estimated on an individual basis by adjusters and lawyers. A provision is made, on a present value basis, for claims incurred, for claims incurred-but-not-reported, and for internal and external adjustments.

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 grandparented from their former area municipality. 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 contribution 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 on-going relevance. When recording the liability, the estimated cost and subsequent changes to the estimate, are included in the associated asset's cost, and amortized over the asset's estimated useful life, unless the asset is no longer in productive use or is unrecognized in which case these costs are expensed.

The City's active and inactive landfills, which are associated with significant asset retirement obligations are discounted using a present value calculation and adjusted annually for accretion expense only when the timing of the related cash flow projections can be reasonably determined, otherwise the liability is measured based on undiscounted expected costs.

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. 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 tangible capital assets. 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.

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 recognized 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 re-classifies the associated costs to TCAs. Ongoing support and maintenance costs are expensed.

(in millions of dollars, unless otherwise stated)

The TCA capitalized 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
General assets	
Land improvements	10 - 70 years
Buildings and building improvements	10 - 100 years
Machinery and equipment	4 - 75 years
Motor vehicles	5 - 20 years
Infrastructure assets	
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.

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. Separate 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 historical balances were established in response to a policy, to assist with fiscal management, or demonstrate compliance with Provincial legislation.

t. Revenues

Revenues are accounted for in the period in which the transactions or events occurred and the City expects to obtain future economic benefits.

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.

User Charges consist of transit fees, utility charges (water, wastewater and solid waste), licensing fees, and fees associated with City programs and facilities rentals. Revenue is recognized when the activity is performed or when the services are rendered.

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 obligations 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 revenue.

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 21.

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, 2023, 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 20.

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 Division Heads), as well as their close family members.

As of December 31, 2023, the City is not aware of any material related party transactions aside from those that have already been disclosed as part of Note 7, Investments in Government Business Enterprises.

z. Changes in accounting policies

i. PS 3280 – Asset retirement obligations

On January 1, 2023, the City adopted PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the financial reporting of legal obligations associated with the retirement of tangible capital assets controlled by public sector entities, such as asbestos removal in retired buildings. The standard required the City to record an asset retirement obligation when there is a legal obligation to incur retirement costs in relation to a tangible capital asset. This standard was adopted by the City using the modified retroactive method that requires restatement of 2022 comparative figures.

Previously, the City had been reporting obligations related to the retirement of tangible capital assets in the period when the asset was retired or when the related retirement activities were undertaken. The City was also reporting its liabilities for the estimated closure and post-closure costs of its solid waste landfill sites in accordance with PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability, which recognized such liabilities based on capacity usage. The introduction of PS 3280 has resulted in a withdrawal of the existing accounting standard PS 3270.

Details on the impacts of the adoption of this new standard for 2022 are included in Note 2.

ii. PS 1201 – Financial statement presentation

Effective January 1, 2023, the City adopted PS 1201 – Financial Statement Presentation. As a result, a new statement of remeasurement gains and losses was presented for the year ended December 31, 2023. This statement presents remeasurement gains and losses arising from the City's financial instruments that are measured at fair value.

iii. PS 3450 – Financial instruments

Effective January 1, 2023, the City adopted PS 3450 – Financial Instruments. In accordance with transitional provisions, this standard was adopted prospectively from the date of adoption and comparative figures were not restated. This new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments.

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the City's accounting policy choices (see above – Financial instruments and fair value hierarchy).

iv. PS 2601 – Foreign Currency Translation

The City also adopted PS 2601 – Foreign Currency Translation, effective January 1, 2023. No significant changes were required as a result of implementing this new standard.

aa. Future accounting pronouncements

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

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

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

PS 3400 – Revenue establishes standards on how to account for and report on revenue, specifically differentiating between revenue arising from transactions that include performance obligations, referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. Taxation revenue is excluded from the scope of this standard.

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

(in millions of dollars, unless otherwise stated)

2. Accounting changes

a. Asset retirement obligations

Effective January 1, 2023, the City adopted PS 3280 – Asset Retirement Obligations using the modified retroactive method which resulted in the following restatement of the 2022 comparative figures:

	December 31, 2022		
	As previously reported	**Adjustments**	**As restated**
Consolidated statement of financial position			
Financial assets	$ 16,702	$ -	$ 16,702
Liabilities	25,258	831	26,089
Net debt	(8,556)	(831)	(9,387)
Non-financial assets	40,809	58	40,867
Accumulated surplus	**32,253**	**(773)**	**31,480**
Consolidated statement of operations and accumulated surplus			
Revenues	15,682	-	15,682
Expenses	13,855	69	13,924
Annual surplus	1,827	(69)	1,758
Accumulated surplus – beginning of year	30,426	-	30,426
Transition adjustment for asset retirement obligations	-	(704)	(704)
Accumulated surplus – end of year	**32,253**	**(773)**	**31,480**
Consolidated statement of change in net debt			
Annual surplus	1,827	(69)	1,758
Acquisition of tangible capital assets	(3,693)	-	(3,693)
Amortization of tangible capital assets	1,645	6	1,651
Gain on disposal of tangible capital assets	(153)	-	(153)
Donated tangible capital assets	(8)	-	(8)
Proceeds on disposal of tangible capital assets	253	-	253
Other	(48)	-	(48)
Increase in net debt	(177)	(63)	(240)
Net debt – beginning of year	(8,379)	-	(8,379)
Transition adjustment for asset retirement obligations	-	(768)	(768)
Net debt – end of year	**(8,556)**	**(831)**	**(9,387)**
Consolidated statement of cash flows			
Annual surplus	$ 1,827	$ (69)	$ 1,758
GBE earnings from operations	(197)	-	(197)
Amortization of tangible capital assets	1,645	6	1,651
Gain on disposal of tangible capital assets	(153)	-	(153)
Donated tangible capital assets	(8)	-	(8)

(in millions of dollars, unless otherwise stated)

a. Asset retirement obligations (cont.)

	December 31, 2022		
	As previously reported	**Adjustments**	**As restated**
Accretion expense	-	5	5
Change in non-cash assets and liabilities	150	58	208
Other	(5,269)	-	(5,269)
Net increase in cash and cash equivalents during the year	(2,005)	-	(2,005)
Cash and cash equivalents – beginning of year	6,642	-	6,642
Cash and cash equivalents – end of year	**4,637**	**-**	**4,637**

b. Financial instruments and financial statement presentation

The City adopted the requirements of PS 1201 – Financial Statement Presentation and PS 3450 – Financial Instruments on a prospective basis effective January 1, 2023.

Upon adoption of PS 1201, the City recognized opening accumulated remeasurement gains of $1,050 arising from the remeasurement of financial instruments in the fair value category effective January 1, 2023, which were previously being measured at cost/amortized cost.

Upon adoption of PS 3450, the City recognized opening unrealized gains of $1,050 on financial instruments in the fair value category effective January 1, 2023, which were previously being measured at cost/amortized cost.

3. Accounts and taxes receivable

		2023		**2022**
Federal and provincial government receivables	$	1,584	$	1,702
Property taxes receivables		684		462
Trade and other receivables		930		869
Total accounts and taxes receivable	**$**	**3,198**	**$**	**3,033**

Included in Federal and Provincial Government receivables are:

- Interim Housing Assistance Program – $240 (2022 – $71): $192 has been received since December 31, 2023;
- Ontario-Toronto New Deal – Shelters – $200 (2022 – $nil): $200 has been received since December 31, 2023;
- Provincial Gas Tax (PGT) – $134 (2022 – $139): $134 has been received since December 31, 2023;
- Provincial Transit Infrastructure Fund (PTIF) claims – $80 (2022 – $86): $nil has been received since December 31, 2023;
- Safe Restart Agreement (SRA) – $nil (2022 – $385): intended to support safe restart of the economy following the COVID-19 pandemic. This program concluded in 2022;
- Provincial Operating Support – $nil (2022 – $235): intended to support the City's increased costs related to the COVID-19 pandemic. This program concluded in 2022; and
- Estimated reimbursement for various subway projects transferred to the province in 2019 – $nil (2022 – $218): This reimbursement was settled in 2023.

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.

(in millions of dollars, unless otherwise stated)

4. Loans receivable

	2023	2022
TCHC promissory notes, loan agreements and receivables, bearing interest rates between 3.0% and 7.5% (2022 – 3.0% to 6.0%) per annum with maturity dates from 2024 to 2057 (2022 – 2023 to 2057)	$ 75	$ 75
BTI loan facility and vendor-take-back (VTB) mortgages, bearing an interest rate of 3.3% (2022 – 3.3%) per annum with maturity date in 2023 (2022 – 2023 to 2027). Subsequent to the maturity date, the VTB mortgagee has requested an extension.	4	30
Loans receivable from community housing organizations bearing interest rates between 0.0% and the bank's prime rate plus 2.0% (2022 – 0.0% to 5.0%) per annum, with maturity dates from 2024 to 2074 (2022 – 2023 to 2074)	43	41
Energy loans receivable from organizations to enable the implementation of green initiative projects across the City bearing interest rates between 0.0% and 3.7% (2022 – 0.0% to 3.7%) per annum, with maturity dates from 2026 to 2043 (2022 – 2023 to 2040)	34	29
Loan receivable from Maple Leaf Sports and Entertainment Ltd for the expansion of BMO Stadium bearing an interest rate of 4.2% (2022 – 4.2%) per annum with a maturity date of 2034 (2022 – 2034)	7	7
Other	5	4
Total loans receivable	**$ 168**	**$ 186**

5. Other assets

	2023	2022
TCHC equal contribution equity in revitalization projects and equal interest Co-Tenancy Agreements for construction	$ 5	$ 10
TCHC externally restricted assets under loan agreements for capital expenditures	6	5
Other	49	29
Total other assets	**$ 60**	**$ 44**

6. Investments

	2023	2022	
	Carrying value (fair value)	**Fair value**	**Carrying value (cost)**
Money market instruments	$ 3,325	$ 2,966	$ 2,966
Government bonds	1,362	1,313	1,407
Corporate bonds	1,135	1,020	1,080
Equities	1,118	958	875
Mortgages	55	22	23
Foreign corporate bonds	32	57	60
Other	1	19	11
Total investments	**$ 7,028**	**$ 6,355**	**$ 6,422**

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 $66 (2022 – $54).

The weighted average yield on the cost of the bond investment portfolio during the year was 3.9% (2022 – 4.1%). Maturity dates on investments in the portfolio range from 2035 to 2044 (2022 – 2026 to 2044).

Included in the City's government bonds portfolio are City of Toronto debentures at coupon rates varying from 2.2% to 4.6% (2022 – 2.2% to 4.7%) with a carrying value of $37 (2022 – $27).

(in millions of dollars, unless otherwise stated)

6. Investments (cont.)

Included in Money Market Instruments and Equities are investments held by TAF with a carrying value of $87 (2022 – $78). 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 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.

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.

7. Investments in government business enterprises (GBEs)

		2023		2022
Toronto Hydro Corporation	$	2,091	$	2,049
Toronto Parking Authority		337		331
Total investments in GBEs	**$**	**2,428**	**$**	**2,380**

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

		2023		2022
Balance – beginning of year	$	2,380	$	2,294
Income from operations (Appendix 1)		142		196
Distribution to City (Appendix 1)		(130)		(111)
Other (Appendix 1)		36		1
Balance – end of year (Appendix 1)	**$**	**2,428**	**$**	**2,380**

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

		2023		2022
Income from operations (Appendix 1)	$	142	$	196
Other (Appendix 1)		36		1
GBE earnings	**$**	**178**	**$**	**197**

Condensed, audited financial results for each government business enterprise are disclosed in Appendix 1 to the Notes to these Consolidated Financial Statements.

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

		2023		2022
Street-lighting, electricity, and maintenance services purchased by the City from Toronto Hydro Corporation	$	285	$	271
Property taxes paid to the City from Toronto Parking Authority		24		21
Property taxes paid to the City from Toronto Hydro Corporation		3		3
Rent expense paid to the City from Toronto Parking Authority		2		1
Total related party transactions	**$**	**314**	**$**	**296**

(in millions of dollars, unless otherwise stated)

7. Investments in GBEs (cont.)

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

	Due to others
2024	$ 1
2025	-
2026	200
2027	-
2028	200
Thereafter	2,545
Total	**$ 2,946**

Repayments relate to Toronto Hydro Corporation's long-term debt series with interest rates ranging from 1.5% to 5.5% (2022 – 1.5% to 5.5%) per annum and maturity dates ranging between 2024 to 2063 (2022 – 2023 to 2063), and Toronto Parking Authority's debt payable relating to the purchase of equipment upgrades, bearing an effective interest rate of 2.3% (2022 – 2.3%) per annum and maturing on June 30, 2025, with $0.7 (2022 – $0.7) due in 2024.

8. Bank indebtedness

The City has an unsecured demand revolving credit facility in the amount of $100 (2022 – $100) bearing interest at the bank prime rate with an effective rate during 2023 of 1.6% (2022 – 1.6%) per annum.

TCHC has a committed revolving credit facility of $200 (2022 – $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 $110 (2022 – $58) have been made in 2023. TCHC is in compliance with all bank covenants.

TAF has a revolving line of credit with a Canadian chartered bank repayable on demand with interest rate calculated at the bank's prime rate plus 0.5% per annum. The credit limit is the lesser of $3 or the standard margin value of TAF's fixed income investment portfolio. Security has been provided using TAF's fixed income investment portfolio. As at December 31, 2023, no amounts were drawn from the line of credit (2022 – $2).

	2023	2022
City, net outstanding cheques	$ 33	$ 58
TCHC	110	58
TAF	-	2
Total bank indebtedness	**$ 143**	**$ 118**

9. Accounts payable and accrued liabilities

	2023	2022
Trade payables and accruals	$ 2,978	$ 3,192
Tax appeal assessments on property taxes	351	363
Wages payable	270	255
Total accounts payable and accrued liabilities	**$ 3,599**	**$ 3,810**

(in millions of dollars, unless otherwise stated)

10. 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.

	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
Total deferred revenue	**$ 6,464**	**$ 12,019**	**$ (10,931)**	**$ 7,552**

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

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 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
Total deferred revenue	**$ 6,464**	**$ 12,019**	**$ (10,931)**	**$ 7,552**

(in millions of dollars, unless otherwise stated)

10. Deferred revenue (cont.)

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

	2022			
	Opening balance	Additions	Recognized to income	Ending balance
Advance payments received according to Provincial legislation or agreements	$ 3,732	$ 3,820	$ (3,109)	$ 4,443
Advance payments received according to third party agreements	1,310	970	(933)	1,347
Advance payments received according to Federal legislation or agreements	462	205	(332)	335
Advance payments received for goods and services	301	319	(309)	311
Other advance payments received	18	175	(165)	28
Total deferred revenue	**$ 5,823**	**$ 5,489**	**$ (4,848)**	**$ 6,464**

The following balances are included in the above deferred revenue amounts. The other balance includes advanced payments received in support of various initiatives, including: Toronto-York Spadina Subway Extension, National Child Benefit Supplement, Federal Social Housing and other smaller initiatives.

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

	2022			
	Opening balance	Additions	Recognized to income	Ending balance
Development charges	$ 2,263	$ 868	$ (417)	$ 2,714
Water / wastewater capital payments	1,135	989	(913)	1,211
Parkland acquisitions / development	796	213	(131)	878
Section 37 / 45 Planning Act	398	132	(13)	517
Building Code Act Service Improvement	183	45	(8)	220
Canada Community-Building Fund	335	-	(168)	167
Advance payments for building permits	142	119	(103)	158
Rapid Housing Initiative	87	204	(160)	131
Community and Social Services programs	17	2,108	(2,038)	87
Other	467	811	(897)	381
Total deferred revenue	**$ 5,823**	**$ 5,489**	**$ (4,848)**	**$ 6,464**

11. Provision for property and liability claims

	2023	2022
Property and liability claims provision	$ 352	$ 357
TTC unsettled accident claims	141	138
Total provision for property and liability claims	**$ 493**	**$ 495**

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 $65 (2022 – $66) that can be used to finance payments for vehicle, property and liability insurance claim payments, as well as related legal and adjusting expenses.

(in millions of dollars, unless otherwise stated)

12. Environmental and contaminated site liabilities

		2023		2022 Restated (Note 2)
Contaminated site liabilities	$	258	$	270
Environmental liabilities (TTC)		18		9
Total environmental and contaminated site liabilities	**$**	**276**	**$**	**279**

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.

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 $208 (2022 – $219), which is an undiscounted balance, at December 31, 2023. 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.

13. Mortgages payable

		2023		2022
TCHC secured mortgages, collateralized by TCHC housing properties, with interest rates between 0.7% and 12.8% (2022 – 0.7% to 12.8%) per annum and maturity dates ranging from 2024 to 2053 (2022 – 2023 to 2053)	$	451	$	413
BTI mortgage, secured by assets and corporate guarantees of Build Toronto Holdings One Inc., BTI and common shares of PT Studios, with an interest rate of 3.3% (2022 – 3.3%) per annum. The balance of the loan was paid on May 3, 2023		-		27
Total mortgages payable	**$**	**451**	**$**	**440**

Mortgages payable have been presented in accordance with the City's accounting policy (Note 1). As at December 31, 2023, mortgages payable are recorded at fair value. As at December 31, 2022, mortgages payable were recorded at cost.

Principal repayments on mortgages are due as follows:

		2023
2024	$	31
2025		33
2026		32
2027		32
2028		30
Thereafter		342
Total	**$**	**500**

Principal re-payments made in 2023 were $30 (2022 – $30) on the TCHC mortgages and $27 (2022 – $1) on the BTI mortgages. As at December 31, 2023, the BTI mortgage was settled in full.

(in millions of dollars, unless otherwise stated)

14. Long-term debt

	2023	2022 (Note 28)
Unsecured debentures issued by the City, bearing interest at various rates ranging from 0.0% to 5.3% (2022 – 0.0% to 5.3%), maturing from 2024 to 2052 (In 2022 – 2023 to 2052)	$ 8,092	$ 7,655
Unsecured green bonds issued by the City, bearing interest at various rates ranging from 2.2% to 4.4% (2022 – 2.2% to 4.4%), maturing from 2031 to 2048 (In 2022 – 2031 to 2048)	1,059	1,650
Unsecured social bonds issued by the City, bearing interest at 1.6% to 4.6%(2022 – 1.6% to 4.6%), maturing from 2030 to 2042 (2022 – 2030 to 2042)	638	435
Less: sinking fund deposits bearing interest at rates between 2.0% to 4.0% (2022 – 2.0% to 4.0%)	(2,512)	(2,231)
Unsecured debentures, net of sinking fund deposits	**7,277**	**7,509**
TCHC loans from Infrastructure Ontario secured by various floating and fixed income investments at floating and fixed rates between 2.8% and 4.5% (2022 – 3.1% and 4.5%), subject to financial covenants, maturing between 2043 to 2051(2022 – 2043 to 2049). TCHC is compliant with all financial covenants as at December 31, 2023	788	866
TCHC debentures, unsecured, consisting of Series A bonds of $250 at 4.9% (2022 – 4.9%), maturing in 2037 (2022 – 2037) and Series B bonds of $200 at 5.4% (2022 – 5.4%), maturing in 2040 (2022 – 2040)	489	446
TCHC non-revolving, 10-year loan to assist with the financing of the construction for Phase 1 of its Building Renewal Program, which was completed in 2009. The loan was provided at a fixed interest rate of 3.4% with repayment beginning March 15, 2018	11	14
Lakeshore Arena Corporation credit facilities from Infrastructure Ontario, secured by a property mortgage, a general security agreement and assignments of rents and leases, bearing interest at 3.5%, with a maturity date of October 31, 2042	21	23
Others, bearing interest between 4.0% to 6.0% (2022 – 4.0% to 6.0%) maturing in 2028 (In 2022 – 2026 to 2028)	-	1
Consolidated entities debentures	**1,309**	**1,350**
Total net long-term debt	**$ 8,586**	**$ 8,859**

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, 2023, long-term debt has been measured and recognized at fair value. As at December 31, 2022, long-term debt was recognized at cost.

2023 principal repayments total $523 (2022 – $465). Principal repayments are due as follows:

	2023
2024	$ 619
2025	599
2026	574
2027	549
2028	480
Thereafter	5,781
Total	**$ 8,602**

(in millions of dollars, unless otherwise stated)

15. 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, 2021. The next actuarial valuation for post-retirement and post-employment benefits is scheduled to be performed on December 31, 2024.

	2023	2022
Sick leave benefits	$ 418	$ 402
Worker Safety Insurance Board (WSIB) obligations	1,096	912
Other employment and post-employment benefits	2,532	2,376
Total employee accrued benefit obligation	**4,046**	**3,690**
Unamortized actuarial gain	764	979
Total employee benefit liabilities	**$ 4,810**	**$ 4,669**

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:

	2023			
	Post-retirement and post-employment	**TTC pension plan (Note 15, h(ii))**	**City pension plans (Note 15, h(iii))**	**Total**
Accrued benefit obligation (Note 15(c))	$ 4,046	$ 3,157	$ 124	$ 7,327
Fair value of plan assets (Note 15(d))	-	4,159	159	4,318
Funding deficit (surplus)	**4,046**	**(1,002)**	**(35)**	**3,009**
Unamortized actuarial gain	764	-	-	764
Valuation allowance	-	1,002	35	1,037
Employee benefit liability (Note 15(e))	**$ 4,810**	**$ -**	**$ -**	**$ 4,810**

	2022			
	Post-retirement and post-employment	**TTC pension plan**	**City pension plans**	**Total**
Accrued benefit obligation (Note 14(c))	$ 3,690	$ 2,877	$ 148	$ 6,715
Fair value of plan assets (Note 14(d))	-	3,898	161	4,059
Funding deficit (surplus)	**3,690**	**(1,021)**	**(13)**	**2,656**
Unamortized actuarial gain	979	-	-	979
Valuation allowance	-	1,021	13	1,034
Employee benefit liability (Note 14(e))	**$ 4,669**	**$ -**	**$ -**	**$ 4,669**

(in millions of dollars, unless otherwise stated)

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

	2023			
	Post-retirement and post-employment	**TTC pension plan (Note 15, h(ii))**	**City pension plans (Note 15, h(iii))**	**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
Balance – end of year	**$ 4,046**	**$ 3,157**	**$ 124**	**$ 7,327**

	2022			
	Post-retirement and post-employment	**TTC pension plan**	**City pension plans**	**Total**
Balance – beginning of year	$ 4,307	$ 3,052	$ 156	$ 7,515
Current service cost	444	81	-	525
Interest cost	107	191	6	304
Actuarial (gain) loss	(822)	(285)	3	(1,104)
Benefits paid	(347)	(214)	(17)	(578)
Plan amendments	1	52	-	53
Balance – end of year	**$ 3,690**	**$ 2,877**	**$ 148**	**$ 6,715**

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

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

(in millions of dollars, unless otherwise stated)

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

	2022			
	Post-retirement and post-employment	**TTC pension plan**	**City pension plans**	**Total**
Balance – beginning of year	$ -	$ 4,267	$ 201	$ 4,468
Employer contributions	347	135	-	482
Actual return on assets	-	(289)	(23)	(312)
Employer surplus distribution	-	-	-	-
TTC pension administrative expenses	-	(1)	-	(1)
Benefits paid	(347)	(214)	(17)	(578)
Balance – end of year	**$ -**	**$ 3,898**	**$ 161**	**$ 4,059**

The City has established reserve funds to help reduce the future impact of the employee benefit obligation. As at December 31, 2023, the balance in the Employee Benefits Reserve Fund was $641 (2022 – $555), which includes $69 (2022 – $63) for Sick Leave and $17 (2022 – $15) 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:

	2023			
	Post-retirement and post-employment	**TTC pension plan (Note 15, h(ii))**	**City pension plans (Note 15, h(iii))**	**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
Balance – end of year	**$ 4,810**	**$ -**	**$ -**	**$ 4,810**

	2022			
	Post-retirement and post-employment	**TTC pension plan**	**City pension plans**	**Total**
Balance – beginning of year	$ 4,507	$ -	$ -	$ 4,507
Current service cost	444	83	-	527
Interest cost (revenue)	107	(71)	(2)	34
Amortization of actuarial (gain) loss	(43)	(68)	33	(78)
Employer contributions	(347)	(135)	-	(482)
Plan amendments	1	52	-	53
Change in valuation allowance	-	139	(31)	108
Balance – end of year	**$ 4,669**	**$ -**	**$ -**	**$ 4,669**

(in millions of dollars, unless otherwise stated)

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

	2023			
	Post-retirement and post-employment	TTC pension plan (Note 15, h(ii))	City pension plans (Note 15, h(iii))	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
Total expenses	**$ 477**	**$ 141**	**$ -**	**$ 618**

	2022			
	Post-retirement and post-employment	TTC pension plan	City pension plans	Total
Current service cost	$ 444	$ 83	$ -	$ 527
Interest cost (revenue)	107	(71)	(2)	34
Amortization of actuarial (gain) loss	(43)	(68)	33	(78)
Plan amendments	1	52	-	53
Change in valuation allowance	-	139	(31)	108
Total expenses	**$ 509**	**$ 135**	**$ -**	**$ 644**

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 2023:

	Discount rate for accrued benefit obligation		Discount rate for benefit costs	
	2023	**2022**	**2023**	**2022**
Post-employment	3.5% to 4.0%	3.8% to 4.3%	3.8% to 4.3%	1.6% to 2.2%
Post-retirement	4.2%	4.6% to 4.7%	4.6% to 4.7%	2.6% to 2.7%
Sick leave	3.7% to 4.1%	3.9% to 4.4%	3.9% to 4.4%	1.8% to 2.5%
WSIB	4.0%	4.3%	4.3%	2.3% to 2.4%
Rate of compensation increase	2.5% to 4.5%	2.5% to 3.5%	2.5% to 4.5%	1.3% to 3.5%
Health care inflation – LTD, hospital and other medical	5.0% to 5.9%	5.0% to 6.1%	4.0% to 5.7%	4.0% to 5.8%
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	5.9% to 6.6%	6.0% to 6.7%	6.0% to 10.1%	6.0% to 10.2%

For 2023 benefit costs and year end 2023 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 $249 (2022 – $220) and are expensed in the Consolidated Statement of Operations and Accumulated Surplus. Employees' contributions amounted to $249 (2022 – $220). The City is current with all payments to OMERS. As at December 31, 2023, OMERS has a deficit of $4,202 (2022 – deficit $6,678).

The date of the most recently filed actuarial valuation for funding purposes for the OMERS Primary Pension Plan was December 31, 2021. The next required filing of an actuarial valuation for funding purposes will be performed with a date no later than December 31, 2024.

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 TTC Pension Fund 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, 2023 the base year for the TTC pension plan and the funded supplemental pension plans was updated to December 31, 2022 from December 31, 2021. In addition, the survivor benefit date was updated to January 1, 2023 (from January 1, 2022) and an ad hoc increase of up to 5.4% (December 31, 2022 – 2.4%) 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, 2023. The next required actuarial valuation for funding purposes will be performed as at January 1, 2024. The effective date of the most recent valuation for accounting purposes was December 31, 2023.

As a result of market conditions throughout 2023, plan assets experienced a temporary decline in market value and lower rates of return than prior years, however, no long-term impairment is expected.

(in millions of dollars, unless otherwise stated)

ii. TTC pension plan (cont.)

Actuarial assumptions for the TTC Pension Plan are as follows:

	2023	2022
Discount rate	6.8%	7.1%
Actual rate of return on plan assets	9.3%	(6.5%)
Expected rate of return on plan assets	7.1%	6.2%
Rate of increase in salaries	2.5% to 4.5%	1.3% to 3.3%
Inflation rate	2.0%	2.0%

iii. City pension plan

During 2020, the City completed the merger of the Civic, Metro, Police and York pension plans with OMERS. OMERS has taken over responsibility to pay future benefits. As a result, the City has no continuing obligation related to these plans at December 31, 2021.

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, 2023. The next required accounting valuation for funding purposes will be performed as at December 31, 2024.

As at December 31, 2023, there were 204 (2022 – 237) fire pensioners with an average age of 83.9 years (2022 – 84.3 years) and 276 (2022 – 285) survivors and beneficiaries with an average age of 83.6 years (2022 – 83.9 years), in receipt of a pension. Pension payments during the year were $17 (2022 – $18). 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, 2023 is as follows:

	2023			2022
	Pension assets – market value, end of year	Actuarial pension obligation, end of year	Net actuarial surplus	Net actuarial surplus
Toronto Firefighters Pension Plan	$ 159	$ 124	$ 35	$ 13
Total of City Pension Plan	**$ 159**	**$ 124**	**$ 35**	**$ 13**

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

	2023	2022
Discount rate	4.2%	4.4%
Actual rate of return on plan assets	9.9%	11.1%
Expected rate of return on plan assets	4.2%	4.4%
Inflation rate	2.0%	2.0%

(in millions of dollars, unless otherwise stated)

16. Asset retirement obligation

The City's asset retirement obligation consists of the following obligations:

a. Closure and post-closure of 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 4.67% (2022 – 4.25%). The estimated present value of future expenditures for closure and post-closure as at December 31, 2023 was $24 (2022 – $25).

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.

		2023		**2022**
Green Lane Perpetual Care Reserve Fund (GLPC)	**$**	**10**	$	8

2023 contributions to the GLPC reserve of $0.9 (2022 – $0.6) are based on a contribution rate of $2.04 (2022 – $1.30) 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 4.67% (2022 – 4.25%). The estimated present value of future expenditures for post-closure care as at December 31, 2023 was $111 (2022 – $90).

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.

		2023		**2022**
Solid Waste Management Perpetual Care Reserve Fund	**$**	**21**	$	22

b. Asbestos abatement obligation

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, 2023 was $808 (2022 – $814).

(in millions of dollars, unless otherwise stated)

c. Other obligations

Other obligations include $26 ($nil – 2022) relating to the dismantling of a decommissioned rail transit structure as required by land easement agreements and $21 ($19 – 2022) relating to activities associated with the retirement of fuel storage tanks as required by legislation.

Changes to the asset retirement obligation in the year are as follows:

	2023			
	Closure and post-closure of landfills	**Asbestos abatement obligation**	**Other obligations**	**Total**
Asset retirement obligation – beginning of year (Note 1 and 2)	$ 115	$ 814	$ 26	$ 955
Liabilities incurred during the year	-	-	26	26
Liabilities settled during the year	(9)	(6)	(2)	(17)
Increase in liabilities due to accretion	4	-	-	4
Changes in estimates of liabilities	25	-	-	25
Asset retirement obligation – end of year	**$ 135**	**$ 808**	**$ 50**	**$ 993**

	2022 Restated (Note 2)			
	Closure and post-closure of landfills	**Asbestos abatement obligation**	**Other obligations**	**Total**
Asset retirement obligation, transition adjustment for asset retirement obligation (Note 1 and 2) – beginning of year	$ 118	$ 814	$ 26	$ 958
Liabilities settled during the year	(8)	-	-	(8)
Increase in liabilities due to accretion	5	-	-	5
Asset retirement obligation – end of year	**$ 115**	**$ 814**	**$ 26**	**$ 955**

17. Inventories

	2023	**2022**
Inventories	$ 294	$ 287
Properties held for resale	3	38
Total inventories	**$ 297**	**$ 325**

(in millions of dollars, unless otherwise stated)

18. Tangible capital assets

	2023			2022 Restated (Note 2)
	Cost	**Accumulated amortization**	**Net book value**	**Net book value**
General				
Land	$ 4,530	$ -	$ 4,530	$ 4,458
Land improvements	5,432	2,336	3,096	2,893
Buildings and building improvements	12,209	4,376	7,833	7,641
Machinery and equipment	3,292	2,155	1,137	1,026
Motor vehicles	3,235	2,003	1,232	1,048
Total general	**28,698**	**10,870**	**17,828**	**17,066**
Infrastructure				
Land	140	-	140	140
Buildings and building improvements	1,036	302	734	707
Machinery and equipment	3,402	1,688	1,714	1519
Water and wastewater linear	9,085	2,869	6,216	5,047
Roads linear	6,289	2,831	3,458	3,017
Transit	12,112	5,833	6,279	6,220
Total infrastructure	**32,064**	**13,523**	**18,541**	**16,650**
Assets under construction	**6,484**	**-**	**6,484**	**6,684**
Total tangible capital assets	**$ 67,246**	**$ 24,393**	**$ 42,853**	**$ 40,400**

Prior year net book value of tangible capital assets was restated due to adjustment on adoption of the PS 3280 – Asset Retirement Obligations standard (Note 2).

The value of donated assets received during the year was $9 (2022 – $8).

The City recognized no write down of assets under construction during the year (2022 – $nil).

(in millions of dollars, unless otherwise stated)

19. Accumulated Surplus

		2023		2022 Restated (Note 2)
Historical surplus	$	198	$	1,350
Reserves and reserve funds (a)		5,288		5,427
Net investment in TCA (b)		32,547		29,867
Liabilities to be funded from future revenues (c)		(5,303)		(5,164)
Total accumulated surplus	**$**	**32,730**	**$**	**31,480**

(a) Reserves and reserve funds

		2023		2022 Restated (Note 2)
Reserves:				
Corporate		1,092		866
Stabilization		891		1,956
Water and wastewater		61		104
Donations		2		2
Total reserves		**2,046**		**2,928**
Reserve funds:				
Employee benefits		651		612
Corporate		2,090		1,402
Community initiatives		155		165
State of Good Repair (Note 16)		346		320
Total reserves funds		**3,242**		**2,499**
Total reserves and reserve funds	**$**	**5,288**	**$**	**5,427**

(b) Net investment in TCA

		2023		2022 Restated (Note 2)
Tangible capital assets (Note 18)		42,853		40,400
Mortgages payable (Note 13)		(451)		(440)
Long-term debt (Note 14)		(8,586)		(8,859)
Environmental and contaminated site liabilities (Note 12)		(276)		(279)
Asset retirement obligation (Note 16)		(993)		(955)
Total net investment in TCA	**$**	**32,547**	**$**	**29,867**

(c) Liabilities to be funded from future revenues

		2023		2022 Restated (Note 2)
Employee benefit liabilities (Note 15)		(4,810)		(4,669)
Provision for property and liability claims (Note 11)		(493)		(495)
Total liabilities to be funded from future revenues	**$**	**(5,303)**	**$**	**(5,164)**

20. 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 in the Statements.

In February 2022, the Toronto City Council enacted By-Law 97-2022, Taxation, Vacant Home Tax, which imposes a 1% tax levy of 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 tax is effective from 2022, and taxes are payable in 2023. Taxes levied on properties deemed or determined vacant for 2022 are recognized as taxation revenue in the fiscal year 2023. Taxpayers/residents are required to provide their vacant property declarations by the due date in 2023. Complaints/appeals can also be filed by the taxpayers/residents regarding their vacant home tax bills by the due date in 2024. A reasonable estimate of potential resulting adjustments required from the complaints/appeals is also established in the fiscal year 2023.

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 financial 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, 2023 all loans and lines of credit are in good standing and no provision has been recorded in the City's financial statements (2022 – $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 2023, the City provided capital loan guarantees to various organizations amounting to $30 (2022 – $31). The City's guarantees are set to expire between 2024 and 2049 (2022 – 2023 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 2023, the City provided line of credit guarantees that have an aggregate value of $6 (2022 – $6).

21. 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.

(in millions of dollars, unless otherwise stated)

i. **City of Toronto:**

Contractual rights	2024	2025	2026	2027	2028	Thereafter	Total
	Amounts to be received:						
City of Toronto Lease agreements (ranging from 13 to 75 years remaining)	$ 10	$ 10	$ 10	$ 10	$ 9	$ 486	$ 535
Blue Bin Recycling Program	45	47	-	-	-	-	92
Total contractual rights	**$ 55**	**$ 57**	**$ 10**	**$ 10**	**$ 9**	**$ 486**	**$ 627**

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

Contractual rights	2024	2025	2026	2027	2028	Thereafter	Total
	Amounts to be received:						
Advertising agreement with Pattison	$ 26	$ 26	$ 27	$ 28	$ 29	$ 155	$ 291
Meridian Credit union naming rights sponsorship agreement	2	2	2	2	2	13	23
Total contractual rights	**$ 28**	**$ 28**	**$ 29**	**$ 30**	**$ 31**	**$ 168**	**$ 314**

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	2024	2025	2026	2027	2028	Thereafter	Total
	Amounts to be paid in:						
Service agreements for winter maintenance services	$ 133	$ 133	$ 133	$ 133	$ 133	$ 705	$ 1,370
Various agreements for purchase of goods and services for multiple capital projects	385	204	96	27	34	40	786
Various agreements for purchase of goods and services for miscellaneous operational needs	282	177	143	85	51	2	740
Construction agreements for the Ashbridges Bay Treatment Plant	97	77	92	29	25	15	335
Construction and engineering services agreements for the Basement Flooding Protection Program	100	63	27	24	27	59	300
Construction and engineering services agreements for the F.G. Gardiner Expressway	72	73	73	73	-	-	291

(in millions of dollars, unless otherwise stated)

i. City of Toronto (cont.)

	Amounts to be paid in:						
Commitments	**2024**	**2025**	**2026**	**2027**	**2028**	**Thereafter**	**Total**
Highland Creek Treatment Plant Biosolids Implementation Project and South Facility Upgrades Project	31	31	39	36	45	44	226
Service agreements for curbside collection services	52	53	32	13	13	14	177
School Crossing Guard Services	33	33	34	35	22	-	157
Service agreements for waste transport services in the City	18	19	19	20	21	43	140
Contracts with non-profit organizations for additional shelter services	85	6	-	-	-	-	91
Port Lands flood protection	80	8	-	-	-	-	88
Provision of information technology infrastructure	22	22	22	22	-	-	88
Service agreement for landfill operations, management and construction services	10	10	10	10	10	31	81
Waterfront Toronto Lakeshore bridge extension	61	20	-	-	-	-	81
Reconstruction of the Wallace-Emerson community recreation facility and above base park improvements	41	30	-	-	-	-	71
Provision of operation and maintenance services of the Disco Rd organics processing facility	12	12	12	12	12	5	65
Construction for liquid train upgrades and rehabilitation at the Highland Creek Treatment Plant	16	14	2	2	2	13	49
Short term hotel accommodations for meeting the increased demand of shelter beds that cannot be provided by the regular shelter system	47	-	-	-	-	-	47
Construction for the Coxwell Bypass Tunnel	24	18	-	-	-	-	42
Construction of North East Scarborough Community Centre and Child Care Centre	27	12	-	-	-	-	39
Construction of a new 900-600mm transmission watermain	24	10	5	-	-	-	39
Service agreement for Financial Information System	21	4	-	-	-	-	25
Total commitments	**$ 1,673**	**$ 1,029**	**$ 739**	**$ 521**	**$ 395**	**$ 971**	**$ 5,328**

(in millions of dollars, unless otherwise stated)

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

Commitments	2024	2025	2026	2027	2028	Thereafter	Total
	Amounts to be paid in:						
Agreement for the provision of 340 Battery Electric Buses	$ 29	$ 397	$ 19	$ -	$ -	$ -	$ 445
Various agreements for the purchase of goods and services for multiple TTC capital projects	124	127	89	54	9	6	409
Train Operating and Funding Agreement (TOFA) with Metrolinx associated with the new Eglinton Crosstown LRT (Line 5) operations	33	34	35	36	37	209	384
Agreement for the provision of 264 Light Rail vehicles to the TTC – 210 delivered to date	192	78	-	-	-	-	270
Various agreements for the purchase of goods and services for multiple TCHC capital projects	14	122	68	4	7	24	239
Agreement for the provision of 336 Hybrid Electric Buses to the TTC – 245 delivered to date	143	-	-	-	-	-	143
Various agreements for the purchase of goods and services for multiple Toronto Zoo capital projects	55	-	-	-	-	-	55
Various agreements for the purchase of goods and services for the Toronto Parking Authority capital projects and operational needs	20	-	-	-	-	9	29
Agreement for the provision of 212 Low Floor Wheel trans Mini-Buses to the TTC – 138 delivered to date	12	6	-	-	-	-	18
Total commitments	**$ 622**	**$ 764**	**$ 211**	**$ 94**	**$ 53**	**$ 248**	**$ 1,992**

c. Lease commitments

At December 31, 2023, 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:

	2023
2024	$ 70
2025	47
2026	35
2027	23
2028	16
Thereafter	98
Total lease commitments	**$ 289**

(in millions of dollars, unless otherwise stated)

22. Budget data

Budget data presented in these Statements is based on the 2023 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:					
	Operating	**Capital**	**Non-levy**	**Consolidated entities**	**Adjustments**	**Total adjusted budget**
Revenue:						
Property and taxation from other governments	$ 5,409	$ -	$ -	$ -	$ (112)	$ 5,297
Government transfers	4,284	833	19	(3)	92	5,225
User charges	1,784	1,242	1,932	(87)	(1,169)	3,702
Municipal land transfer tax	944	-	-	-	-	944
Development charges	-	689	-	-	-	689
Rent and concessions	58	-	-	448	-	506
Investment income	288	-	-	-	12	300
Other revenue sources	1,663	2,814	86	(8)	(3,649)	906
Total revenues	**14,430**	**5,578**	**2,037**	**350**	**(4,826)**	**17,569**
Expenses:						
Transportation	2,997	2,236	142	(52)	(910)	4,413
Social and family services	3,828	352	-	-	(84)	4,096
Protection to persons and property	2,057	159	-	-	(78)	2,138
Environmental services	124	1,546	1,895	-	(2,091)	1,474
General government	3,174	701	-	-	(2,430)	1,445
Recreation and cultural services	1,037	402	-	(34)	(123)	1,282
Social housing	469	1	-	417	261	1,148
Health services	684	44	-	-	(24)	704
Planning and development	60	137	-	8	7	212
Total expenses	**14,430**	**5,578**	**2,037**	**339**	**(5,472)**	**16,912**
Annual surplus	**$ -**	**$ -**	**$ -**	**$ 11**	**$ 646**	**$ 657**

The following adjustments were made to revenue and expenditures to eliminate transactions that were not based on PSAS. Revenue adjustments represent exclusion of amounts recognized as revenue for cash budgeting purposes, but not PSAS, such as: contributions to the City's reserves and discretionary reserve funds, as well as proceeds from the issuance of long-term debt. Expenditure adjustments represent exclusion of amounts recognized as expenses for cash budgeting purposes, but not PSAS, such as withdrawals from the City's reserves and discretionary reserve funds, and principal repayments for the City's long-term debt.

(in millions of dollars, unless otherwise stated)

22. Budget data (cont.)

a. Revenue adjustments (decrease of $4,826):

- Contributions to the City's operating fund, capital fund, and reserve and discretionary reserve funds ($2,532 – decrease)
- Proceeds from the issuance of long-term debt ($1,714 – decrease)
- Consolidated entities' budgets – revenues ($39 – decrease)
- Sale of properties and other adjustments required for accrual accounting ($541 – decrease)

b. Expenditure adjustments (decrease of $5,472):

- Withdrawals from City's operating fund, capital fund and reserve and discretionary reserve funds ($2,390 – decrease)
- Capitalization of tangible capital assets and recognition of amortization ($1,916 – decrease)
- Debt principal repayments ($495 – decrease)
- Consolidated entities' budgets – expenditures ($23 – decrease)
- Other adjustments required for accrual accounting ($648 – decrease)

23. Property taxes and taxation from other governments

	2023	2022
Tax levies from annual return of the property assessment roll	$ 5,210	$ 4,825
Tax levies from supplementary and omitted returns of the property assessment roll	63	47
Payments in lieu of tax	86	81
Heads and beds levy on public hospitals, provincial mental health facilities, universities, colleges, and correctional institutions	20	19
Other	1	2
Total property taxes and taxation from other governments	**$ 5,380**	**$ 4,974**

24. Government transfers

a. Government transfers by function

	2023	2022
Social and family services	$ 2,874	$ 2,238
Transportation	589	461
Health services	349	318
General government	100	218
Social housing	90	56
Protection to persons and property	76	63
Environmental services	36	46
Recreation and cultural services	26	26
Planning and development	21	51
	4,161	**3,477**
Add:		
COVID-19 impacts	90	935
Ministry of Health COVID-19 vaccination program	27	51
Total transfers by function	**$ 4,278**	**$ 4,463**

(in millions of dollars, unless otherwise stated)

b. Government transfers by source

		2023		2022
Operating transfers				
Federal	$	978	$	555
Provincial		2,667		3,236
Other		18		20
Total operating transfers		**3,663**		**3,811**
Capital transfers				
Federal		477		520
Provincial		132		126
Other		3		2
Total capital transfers		**612**		**648**
Other transfers		**3**		**4**
Total transfers by source	**$**	**4,278**	**$**	**4,463**

The Safe Restart Agreement (Agreement) concluded in 2022, and the City did not receive additional transfer payments from the Province of Ontario for this program in 2023. In previous years, it was used to support municipal operating pressures that arose from the City's responses to, and impact of, the pandemic, including but not limited to increases in public health protocols and initiatives, and sustained reductions in ridership figures on municipal transit systems. No revenues were recognized in 2023 for municipal transit costs and lost revenues (2022 – $453).

Additionally in 2022, the City incurred significant costs related to the pandemic and the provincial government assisted for a portion of the City's operating budget shortfall. No similar revenues were recognized in 2023 (2022 – $235).

Other pandemic related amounts recognized includes Social Services Relief Funding and other funding of $23 (2022 – $114), and amounts allocated for Toronto Public Health's efforts of $69 (2022 – $114).

The City recognized $192 (2022 – $71) 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 2023.

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

25. Other revenue sources

		2023		2022 (Note 28)
Sale of properties and recycled materials	$	193	$	196
Utilities cut and other recoveries		138		89
Hotel, lodging and sign tax		105		67
Other income		509		397
Total other revenue sources	**$**	**945**	**$**	**749**

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

(in millions of dollars, unless otherwise stated)

26. Total expenses

		2023		2022 Restated (Note 2)
Salaries, wages and benefits	$	7,069	$	6,679
Contracted services		2,209		1,969
Transfer payments to agencies, corporations, and other external organizations		1,860		1,530
Amortization (Schedule 1)		1,776		1,651
Materials		1,387		1,269
Interest on long-term debt		421		375
Other		353		402
Total expenses	**$**	**15,075**	**$**	**13,875**

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

27. Fair value hierarchy and risk management

a. Fair value hierarchy

The fair value hierarchy of the City's financial instruments as at December 31, 2023 is as follows:

	2023							
		Level 1		Level 2		Level 3		Total
Investments	$	6,055	$	973	$	-	$	7,028
Bank indebtedness		-		143		-		143
Mortgages payable		-		451		-		451
Long-term debt		7,176		1,410		-		8,586
Total	**$**	**13,231**	**$**	**2,977**	**$**	**-**	**$**	**16,208**

There were no transfers between levels during 2023.

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.

The fair value of the investment in debt securities represents the maximum credit risk exposure at the date of the financial 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 4).

b. Risk management (cont.)

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 13 and 14, 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, 2023 would have decreased by approximately $182. For every 1% decline in public market interest rates, the fair value of the investments held by the City as at December 31, 2023 would have increased by approximately $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, 2023 would have decreased by $149. For every 1% decrease in public market interest rates, the net long-term debt held by the City as at December 31, 2023 would have increased by $168.

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.

28. Comparative amounts

Certain 2022 comparative amounts have been regrouped from the Statements previously presented, to conform with the presentation adopted in 2023.

29. Sector-based greenhouse gas (GHG) emission reductions (unaudited)

Toronto’s climate action strategy (TransformTO Net Zero Strategy) aims to create a future Toronto that is zero carbon, equitable, healthy, prosperous and resilient. To achieve this, the City set an ambitious target to reduce community-wide greenhouse gas (GHG) emissions. Under this strategy, Toronto’s targets are to reduce GHG emissions from 1990 levels by 30 per cent by 2020, 45 per cent by 2025, 65 per cent by 2030 and net zero by 2040. Toronto has released its 2021 sector-based GHG emissions inventory which shows Toronto’s community wide emissions were 14.5 megatonnes (MT) of carbon dioxide equivalent (CO_2e), a four per cent increase over the 14 MT CO_2e emitted in 2020. Emissions were 41 per cent less than 1990 levels. The upward trend in emissions seen in 2021 is expected to continue. Toronto’s next target, its 2025 target of a 45 per cent GHG emissions reduction from 1990 levels, is at risk if the upward trend in GHG emissions continues. Toronto must continue to scale up its GHG reduction programs and initiatives to reach its interim targets and net zero by 2040.

(in millions of dollars, unless otherwise stated)

Schedule 1: Consolidated schedule of tangible capital assets

As at and for the year ended December 31, 2023

	Cost						Accumulated Amortization				
	Beginning, as restated (Note 2)	Additions	Disposals / transfers	Revaluation	Donated	Ending	Beginning, as restated (Note 2)	Amortization	Disposals	Ending	Net book value
General											
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
Total general	**27,190**	**1,800**	**(299)**	**(2)**	**9**	**28,698**	**10,124**	**1,013**	**(267)**	**10,870**	**17,828**
Infrastructure											
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
Total infrastructure	**29,424**	**2,666**	**(26)**	**(2)**	**-**	**32,064**	**12,774**	**763**	**(14)**	**13,523**	**18,541**
Assets under construction	**6,684**	**505**	**(705)**	**-**	**-**	**6,484**	**-**	**-**	**-**	**-**	**6,484**
Total	**$ 63,298**	**$ 4,971**	**$ (1,030)**	**$ (2)**	**$ 9**	**$ 67,246**	**$ 22,898**	**$ 1,776**	**$ (281)**	**$ 24,393**	**$ 42,853**

(in millions of dollars, unless otherwise stated)

Schedule 1: Consolidated schedule of tangible capital assets

As at and for the year ended December 31, 2022 (Restated – Note 2)

	Cost						Accumulated Amortization					
	Beginning	Transition adjustment for PS 3280 (Note 2)	Additions	Disposals / Transfers	Donated	Ending	Beginning	Transition adjustment for PS 3280 (Note 2)	Amortization	Disposals	Ending	Net book value
General												
Land	$ 4,187	$ -	$ 295	$ (32)	$ 8	$ 4,458	$ -	$ -	$ -	$ -	$ -	$ 4,458
Land improvements	4,605	13	385	(14)	-	4,989	1,877	8	211	-	2,096	2,893
Buildings and building improvements	10,661	222	903	(31)	-	11,755	3,670	165	304	(25)	4,114	7,641
Machinery and equipment	2,901	-	211	(56)	-	3,056	1,866	-	220	(56)	2,030	1,026
Motor vehicles	2,897	-	109	(74)	-	2,932	1,744	-	212	(72)	1,884	1,048
Total general	**25,251**	**235**	**1,903**	**(207)**	**8**	**27,190**	**9,157**	**173**	**947**	**(153)**	**10,124**	**17,066**
Infrastructure												
Land	140	-	-	-	-	140	-	-	-	-	-	140
Buildings and building improvements	974	-	9	-	-	983	252	-	24	-	276	707
Machinery and equipment	3,098	-	5	-	-	3,103	1,491	-	93	-	1,584	1,519
Water and wastewater linear	7,318	-	506	(30)	-	7,794	2,651	-	110	(14)	2,747	5,047
Roads linear	5,219	-	489	-	-	5,708	2,574	-	117	-	2,691	3,017
Transit	11,300	12	384	-	-	11,696	5,107	9	360	-	5,476	6,220
Total infrastructure	**28,049**	**12**	**1,393**	**(30)**	**-**	**29,424**	**12,075**	**9**	**704**	**(14)**	**12,774**	**16,650**
Assets under construction	**6,323**	**-**	**391**	**(30)**	**-**	**6,684**	**-**	**-**	**-**	**-**	**-**	**6,684**
Total	**$ 59,623**	**$ 247**	**$ 3,687**	**$ (267)**	**$ 8**	**$ 63,298**	**$ 21,232**	**$ 182**	**1,651**	**$ (167)**	**$ 22,898**	**$ 40,400**

(in millions of dollars, unless otherwise stated)

Appendix 1: Consolidated schedule of government business enterprises

As at and for the year ended December 31, 2023 with comparatives to 2022

Condensed financial results ($)	Toronto Hydro Corporation		Toronto Parking Authority		Total	
Fiscal year ended	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Financial position						
Assets						
Current	$ 652	$ 526	$ 89	$ 119	$ 741	$ 645
Capital	6,597	6,144	275	230	6,872	6,374
Other	345	277	39	42	384	319
Total assets	**7,594**	**6,947**	**403**	**391**	**7,997**	**7,338**
Liabilities						
Current	1,089	1,183	63	55	1,152	1,238
Long-term	4,402	3,703	3	5	4,405	3,708
Total liabilities	**5,491**	**4,886**	**66**	**60**	**5,557**	**4,946**
Net equity	**$ 2,103**	**$ 2,061**	**$ 337**	**$ 331**	**$ 2,440**	**$ 2,392**
City's share (Note 7)	**$ 2,091**	**$ 2,049**	**$ 337**	**$ 331**	**$ 2,428**	**$ 2,380**
Results of operations						
Revenues	$ 3,713	$ 3,741	$ 152	$ 129	$ 3,865	$ 3,870
Expenses	3,573	3,576	114	97	3,687	3,673
Net income	**$ 140**	**$ 165**	**$ 38**	**$ 32**	**$ 178**	**$ 197**
City's share (Note 7)	**$ 140**	**$ 165**	**$ 38**	**$ 32**	**$ 178**	**$ 197**
Distribution to City (Note 7)	98	85	32	26	130	111
Net book value of assets sold from the City to Toronto Hydro Corporation	12	12	-	-	12	12

(in millions of dollars, unless otherwise stated)

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
Total revenues	**7,139**	**440**	**2,234**	**1,931**	**363**	**2,974**	**611**	**392**	**241**	**16,325**
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
Total expenses	**1,062**	**2,241**	**4,074**	**1,143**	**612**	**3,570**	**1,068**	**1,137**	**168**	**15,075**
Annual surplus (deficit)	**$ 6,077**	**$ (1,801)**	**$ (1,840)**	**$ 788**	**$ (249)**	**$ (596)**	**$ (457)**	**$ (745)**	**$ 73**	**$ 1,250**

*Taxation revenues are allocated to General Government for presentation purposes however fund all divisional activities and consolidated entities as required.
** Government transfers includes $90 of revenues recognized for COVID-19 Impacts and $27 for Ministry of Health COVID-19 Vaccination Program.

(in millions of dollars, unless otherwise stated)

Appendix 2: Consolidated schedule of segment disclosure — service

As at and for the year ended December 31, 2022 (Restated – Note 2)

	General government	Protection to persons and property	Transporta-tion	Environ-mental	Health	Social and family	Social housing	Recreation and cultural	Planning and devel-opment	Consolidated
Taxation*	$ 6,012	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,012
User charges	99	232	939	1,644	1	61	18	157	73	3,224
Government transfers**	1,069	63	461	46	399	2,292	56	26	51	4,463
Net GBE income	197	-	-	-	-	-	-	-	-	197
Other	473	76	297	174	10	16	479	170	42	1,737
Total revenues	**7,850**	**371**	**1,697**	**1,864**	**410**	**2,369**	**553**	**353**	**166**	**15,633**
Salaries, wages, and benefits	575	1,898	1,826	282	520	705	228	585	60	6,679
Materials	270	50	292	144	23	220	146	121	3	1,269
Contracted services	46	31	532	289	33	818	119	85	16	1,969
Interest on long-term debt	26	7	209	11	1	21	75	12	13	375
Transfer payments	(128)	53	(2)	125	55	1,222	154	95	(44)	1,530
Other	157	13	58	27	6	80	31	29	1	402
Amortization	135	52	872	240	4	14	250	82	2	1,651
Total expenses	**1,081**	**2,104**	**3,787**	**1,118**	**642**	**3,080**	**1,003**	**1,009**	**51**	**13,875**
Annual surplus (deficit)	**$ 6,769**	**$ (1,733)**	**$ (2,090)**	**$ 746**	**$ (232)**	**$ (711)**	**$ (450)**	**$ (656)**	**$ 115**	**$ 1,758**

*Taxation revenues are allocated to General Government for presentation purposes however fund all divisional activities and consolidated entities as required.
** Government transfers includes $935 of revenues recognized for COVID-19 Impacts and $51 for Ministry of Health COVID-19 Vaccination Program.

(in millions of dollars, unless otherwise stated)

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
Total revenues	**13,447**	**162**	**1,815**	**23**	**594**	**284**	**16,325**
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
Total expenses	**11,106**	**1,432**	**1,811**	**295**	**563**	**(132)**	**15,075**
Annual surplus (deficit)	**$ 2,341**	**$ (1,270)**	**$ 4**	**$ (272)**	**$ 31**	**$ 416**	**$ 1,250**

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

(in millions of dollars, unless otherwise stated)

Appendix 3: Consolidated schedule of segment disclosure — entity

As at and for the year ended December 31, 2022 (Restated – Note 2)

	City	Toronto Police Service	Toronto Transit Commission	Toronto Public Library	Toronto Community Housing Corporation	Other Agencies and Corporations	Total
Taxation*	$ 6,012	$ -	$ -	$ -	$ -	$ -	$ 6,012
User charges	2,339	31	748	2	18	86	3,224
Government transfers	3,828	62	466	6	48	53	4,463
Net GBE income	197	-	-	-	-	-	197
Other	954	38	187	11	466	81	1,737
Total revenues	**13,330**	**131**	**1,401**	**19**	**532**	**220**	**15,633**
Salaries, wages, and benefits	3,350	1,237	1,616	162	213	101	6,679
Materials	1,000	28	226	3	145	(133)	1,269
Contracted services	1,431	23	334	36	116	29	1,969
Interest on long-term debt	291	5	-	-	75	4	375
Transfer payments	3,481	12	(1,389)	(218)	(293)	(63)	1,530
Other	312	4	41	4	31	10	402
Amortization	563	43	749	37	250	9	1,651
Total expenses	**10,428**	**1,352**	**1,577**	**24**	**537**	**(43)**	**13,875**
Annual surplus (deficit)	**$ 2,902**	**$ (1,221)**	**$ (176)**	**$ (5)**	**$ (5)**	**$ 263**	**$ 1,758**

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