
Consolidated financial statements of The Corporation of the City of Oshawa

December 31, 2024

Independent Auditor's Report	1-2
Consolidated statement of financial position	3
Consolidated statement of operations	4
Consolidated statement of change in net financial assets	5
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7-22
Schedule 1 – Consolidated schedule of tangible capital assets	23
Schedule 2 – Consolidated schedule of segmented disclosure	24

Independent Auditor's Report

To the Members of Council of
The Corporation of the City of Oshawa

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Oshawa (the "City"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2024, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of entities or business units within the City as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 27, 2025

The Corporation of the City of Oshawa
Consolidated statement of financial position
As at December 31, 2024

		2024	2023
	Notes	\$	\$
			(Note 20) (Restated)
Financial assets			
Cash and cash equivalents		185,909,070	215,466,239
Investments		109,074,677	85,311,883
Taxes receivable		25,248,147	19,569,770
Accounts receivable		11,247,135	6,843,284
Other assets		100,000	100,000
Investment in Oshawa Power and Utilities Corporation	3	86,239,400	84,559,400
		417,818,429	411,850,576
Liabilities			
Accounts payable and accrued liabilities		46,495,802	39,602,371
Deferred revenue	4	153,458,597	161,154,681
Employee future benefits and other liabilities	5	50,458,907	50,438,074
Long-term liabilities	6	27,973,688	34,665,861
Liability for contaminated sites	7	2,860,000	2,860,000
Asset retirement obligation	8	2,464,253	2,464,253
		283,711,247	291,185,240
Net financial assets		134,107,182	120,665,336
Non-financial assets			
Tangible capital assets	10	693,145,275	639,355,733
Inventory and prepaid expenses		4,952,764	4,884,909
		698,098,039	644,240,642
Accumulated surplus	11	832,205,221	764,905,978

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

The Corporation of the City of Oshawa
Consolidated statement of operations
Year ended December 31, 2024

	Budget		2023
	\$	\$	\$
Notes	(Note 18)		(Note 20)
			(Restated)
Revenue			
Property taxation	167,589,800	167,160,537	161,884,733
Taxation from other governments	3,483,800	3,725,679	3,450,159
User charges	23,810,100	28,521,778	23,976,010
Government grants	297,700	5,238,511	2,510,599
Contributions from developers – earned	12,678,700	24,137,251	16,640,927
Revenue recognized on assumed tangible capital assets	29,320,600	29,320,617	9,639,302
Canada Community Building Fund	5,525,000	6,648,689	10,434,760
Investment income	15,350,600	11,245,747	10,196,379
Penalties and interest on taxes	2,500,000	4,012,687	2,900,737
Licenses and permits	5,499,100	6,880,192	6,057,304
Fines	1,964,200	2,138,565	1,787,334
Earnings Oshawa Power and Utilities Corporation	1,100,000	2,880,000	4,025,000
Other	2,508,500	3,351,108	7,048,671
	271,628,100	295,261,361	260,551,915
Expenses			
General government	49,486,700	49,070,424	45,465,514
Protection to persons and property	52,221,000	51,812,565	45,885,300
Transportation services	47,773,900	45,355,285	42,899,185
Environmental services	9,690,000	12,586,769	11,370,388
Health services	521,200	560,365	569,041
Social and family services	2,277,600	2,259,983	2,114,900
Recreation and cultural services	57,560,500	62,440,890	61,898,099
Planning and development services	3,422,300	3,875,837	3,084,195
	222,953,200	227,962,118	213,286,622
Annual surplus	48,674,900	67,299,243	47,265,293
Accumulated surplus, beginning of year	764,905,978	764,905,978	730,613,780
Adjustment on reclassification of building permit reserve	—	—	(12,973,095)
Accumulated surplus, end of year	813,580,878	832,205,221	764,905,978

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

The Corporation of the City of Oshawa

Consolidated statement of change in net financial assets

Year ended December 31, 2024

	2024	2023
	\$	\$
		(Note 20)
		(Restated)
Annual surplus	67,299,243	47,265,293
Amortization of tangible capital assets	29,459,395	29,459,772
Acquisition of tangible capital assets net of transfers from work-in progress	(83,263,015)	(50,623,825)
Loss on disposal/write down of tangible capital assets	14,078	203,044
Change in inventory and prepaid expenses	(67,855)	(1,299,481)
Increase in net financial assets	13,441,846	25,004,803
Net financial assets, beginning of year	120,665,336	95,660,533
Net financial assets, end of year	134,107,182	120,665,336

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

The Corporation of the City of Oshawa
Consolidated statement of cash flows
Year ended December 31, 2024

	2024	2023
	\$	\$
		(Note 20) (Restated)
Operating activities		
Annual surplus	67,299,243	47,265,293
Items not involving cash		
Amortization	29,459,395	29,459,772
Loss on disposal/write down of tangible capital assets	14,078	203,044
Assumed assets recognized as revenue	(29,320,617)	(9,639,302)
Net earnings of Oshawa Public Utilities Corporation	(2,880,000)	(4,025,000)
Net change in non-cash working capital		
Taxes receivable	(5,678,377)	(10,341,747)
Accounts receivable	(4,403,851)	(165,198)
Accounts payable and accrued liabilities	6,893,431	(417,142)
Deferred revenue	(7,696,084)	9,087,312
Employee future benefits and other liabilities	20,833	(783,215)
Inventory and prepaid expenses	(67,855)	(1,299,481)
	53,640,196	59,344,336
Capital activity		
Acquisition of tangible capital assets	(53,942,398)	(40,984,523)
Financing activity		
Debenture debt retired	(6,692,173)	(6,421,921)
Investing activities		
Net change in investments	(23,762,794)	3,661,796
Dividend received from OPUC	1,200,000	1,100,000
	(22,562,794)	4,761,796
(Decrease) / increase in cash and cash equivalents	(29,557,169)	16,699,688
Cash and cash equivalents, beginning of year	215,466,239	198,766,551
Cash and cash equivalents, end of year	185,909,070	215,466,239

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

The Corporation of the City of Oshawa is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. Significant accounting policies

The consolidated financial statements of The Corporation of the City of Oshawa (the "City") are the representations of management prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Significant aspects of the accounting policies adopted by the City are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards controlled by the City, including the following:

Oshawa Public Library Board

Inter-departmental and inter-organizational transactions and balances between this organization have been eliminated.

The City's investment in the Oshawa Power and Utilities Corporation ("OPUC") is accounted for on the modified equity basis, consistent with generally accepted accounting principles as recommended by PSAB for investments in government business enterprises. Under the modified equity basis, the business enterprise's accounting policies are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. The City recognizes its equity interest in the annual income or loss of OPUC in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the City may receive from OPUC will be reflected as reductions in the investment asset account.

Basis of accounting

The consolidated financial statements are prepared under the accrual basis of accounting.

The accrual basis of accounting recognizes revenue in the fiscal year in which transactions or events occurred that gave rise to the revenue and became measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Non-financial assets

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

1. Significant accounting policies (continued)

Tangible capital assets

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

	Useful life – years
Land improvements	15 – 50
Buildings	10 – 50
Machinery and equipment	3 – 25
Vehicles	4 – 20
Furniture	7 – 10
Linear assets	15 – 60
Other assets	7 – 50

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets classified as work-in-progress are not amortized until the asset is available for productive use.

Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value on the earlier of the date received or of the transfer of risk and responsibility. Contributed assets are recorded as revenue.

Intangible assets

Intangible assets and natural resources that have been purchased are not recognized as assets in the financial statements.

Interest capitalization

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

Reserves and reserve funds

Certain amounts, as approved by City Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from these reserves and reserve funds are reported as an adjustment to the respective fund when approved. Reserves and reserve funds form part of the accumulated surplus balance.

Government transfers

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

1.
Significant accounting policies (continued)

Deferred revenue

The City receives development charge contributions, payments in lieu of parkland and Canada Community Building Funds under the authority of federal/provincial legislation and City by-laws. These funds by their nature are restricted in their use and until applied to applicable capital works, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal year they are expended. The City also receives payments for user charges and fees from transactions with performance obligations. These amounts are also recorded as deferred revenue until such time as the performance obligations have been fulfilled at which time the revenue will be recognized.

Taxation and related revenue

Property tax billings are prepared by the City based on an assessment roll provided by the Municipal Property Assessment Corporation ("MPAC"). All assessed property values in the City are established by MPAC based on a common valuation date.

Investment income

Investment income is reported as revenue in the fiscal year earned. Investment income earned on development charges, parkland obligatory reserve funds and Canada Community Building Fund (previously known as federal gas tax reserve fund) is added to the reserve fund balance and forms part of the respective deferred revenue balance.

Financial Instruments

Financial Instruments reported on the City’s Statement of Financial Position are measured as follows:

Financial Instrument	Measurement
Cash and cash equivalents	Cost
Investments	Amortized cost
Taxes receivable	Cost
Accounts receivable	Cost
Accounts payable and accrued liabilities	Cost
Long-term liabilities	Amortized cost

Financial Instruments measured at cost/amortized cost are carried using the effective interest method, less and impairment losses on financial assets.

Post-employment benefits

The present value of the cost of providing employees with future benefit programs is recognized as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management’s best estimate of retirement ages of employees and expected health care costs. Actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of all employees covered.

1. Significant accounting policies (continued)

Liability for contaminated sites

A liability for the remediation of a contaminated site is recognized as the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the City is either directly responsible or accepts responsibility, it is expected that the future economic benefit will be given up, and a reasonable estimate of the amount is determinable. If the likelihood of the City's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.

Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur 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.

The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date.

Accounting for School Boards and Region of Durham transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the School Boards and Region of Durham are not reflected in the municipal balances of these financial statements.

Adoption of Accounting Policies

Effective January 1, 2024, the City adopted the following new Public Sector Accounting Standards.

- (a) PS 3400 – Revenue, establishes standards on how to account for and report on revenue. Specifically, it differentiates 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” Refer to Note 20 for impact of the adoption of this standard.
- (b) PS 3160 establishes standards on how to account for public private partnerships . The adoption of this standard had no impact on the consolidated financial statements of the City
- (c) PSG 8 explains the scope of the intangibles now allowed to be recognized in financials statements given the removal of the recognition prohibition relating to purchased intangibles in Section PS 1000. The adoption of this standard had no impact on the consolidated financial statements of the City.

Trust funds

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the “Trust Funds Statement of Financial Activities and Fund Balance” and the “Trust Funds Statement of Financial Position”.

1. Significant accounting policies (continued)

Use of estimates

The preparation of consolidated financial statements, in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates. Accounts requiring significant estimates include accounts receivable, accrued liabilities, employee future benefits and other liabilities, and tangible capital assets.

2. Operations of School Boards and the Region of Durham

During 2024, requisitions were made by the School Boards and the Region of Durham requiring the City to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized in the following table:

	School Boards	Region	2024 Total	2023 Total
	\$	\$	\$	\$
Property taxes	61,603,674	188,877,197	250,480,871	233,917,013
Taxation from other governments	—	2,374,450	2,374,450	2,145,164
Total amounts transferred	61,603,674	191,251,647	252,855,321	236,062,177

3. Investment and equity in Oshawa Power and Utilities Corporation

In accordance with the requirements of Bill 35 (the Energy Competition Act, 1998), the City passed a transfer by-law, effective November 1, 2000, that transferred substantially all of the assets and liabilities of Oshawa Public Utilities Commission ("the Commission") to Oshawa Power and Utilities Corporation ("OPUC"). OPUC has carried on the former business of the Commission with all the rights, duties, obligations, and responsibilities. The City is the sole shareholder of the OPUC.

The City's investment in OPUC is as follows:

	2024	2023
	\$	\$
Balance, beginning of year	84,559,400	81,634,400
Changes during the year		
Total comprehensive income for the year	2,880,000	4,025,000
	87,439,400	85,659,400
Dividend received from OPUC	(1,200,000)	(1,100,000)
	86,239,400	84,559,400

The City holds 1,000 common shares of the OPUC representing 100% of the outstanding shares. With Council approval, the proceeds from the current year dividend were transferred to operations with a corresponding reduction in equity in OPUC.

3. Investment and equity in Oshawa Power and Utilities Corporation (continued)

The following table provides condensed financial information in respect of the financial position of OPUC as at December 31, 2024 and its operations.

	2024 (000's) \$	2023 (000's) \$
Assets		
Current	48,634	45,498
Capital and intangibles	237,317	218,652
Other	7,019	9,377
	292,970	273,527
Regulatory balances	8,819	11,127
Total assets and regulatory balances	301,789	284,654
Liabilities		
Current	25,676	33,376
Long-term debt	113,800	94,030
Other	69,677	67,849
	209,153	195,255
Shareholders' equity		
Share capital	23,064	23,064
Accumulated other comprehensive loss	921	2,713
Retained earnings	61,110	57,732
Total equity attributable to the Corporation	85,095	83,509
Non-controlling interests	1,965	1,921
	87,060	85,430
Regulatory balances	5,576	3,969
Total liabilities, equity and regulatory balances	301,789	284,654
Comprehensive income		
Commodity revenue	151,220	134,200
Commodity expenses	(150,328)	(135,397)
Distribution revenue	30,828	29,026
Operating expenses	(21,808)	(18,419)
Other income (expense)	(4,451)	(5,104)
Accumulated other comprehensive loss	(1,792)	(1,370)
Net movements in regulatory balances, net of tax	(789)	1,089
	2,880	4,025

Included in revenue above is \$357,337 (\$250,769 in 2023) for dark fibre services provided. Operating expenses above include \$351,098 (\$351,098 in 2023) paid to the City for net rent at 100 Simcoe Street, Oshawa, ON.

4. Deferred revenue

Deferred revenue consists of the following:

Continuity of deferred revenue is as follows:

	2024	2023
	\$	\$
		(Restated)
Obligatory reserve funds		
Development charges	98,097,813	103,998,799
Parkland cash in lieu	13,515,289	16,075,908
Canada Community Building Fund	7,384,496	8,158,622
Building permits	13,297,579	13,477,431
Community benefit charges	29,998	45,228
Other	21,133,422	19,398,693
	153,458,597	161,154,681

Continuity of deferred revenue is as follows:

	2024	2023
	\$	\$
		(Restated)
Balance, beginning of year	161,154,681	152,067,369
Developer contributions collected	11,377,544	21,300,428
Canada Community Building Fund	5,592,848	5,277,115
Building permit surplus	—	258,032
Other collections	9,642,069	9,752,300
Interest earned	4,514,133	4,774,142
	31,126,594	41,362,017
Less		
Developer contributions used	21,589,359	15,791,157
Canada Community Building Fund used	6,648,690	10,434,761
Transfer to operating	2,081,040	—
Building permit used	580,649	121,528
General deferred revenue	7,922,940	5,927,259
	38,822,678	32,274,705
Balance, end of year	153,458,597	161,154,681

5. Employee future benefits and other liabilities

Employee benefits, post-employment and other liabilities are comprised of the following:

	2024	2023
	\$	\$
Future payments required to WSIB	7,023,700	6,733,854
Accumulated sick leave benefit plan entitlements	8,680,100	8,548,160
Post employment benefits	34,411,400	34,737,938
Other liabilities	343,707	418,122
	50,458,907	50,438,074

5. Employee future benefits and other liabilities (continued)

(a) Future payments required to WSIB

With respect to responsibilities under provisions of the Workplace Safety and Insurance Board ("WSIB") Act, the City has elected to be treated as a Schedule 2 employer and therefore remits payments to the WSIB as required to fund disability payments. Extrapolations for the current fiscal period of 2024 were based on the prior full valuation of the plan, which was effective December 31, 2022.

(b) Accumulated sick leave benefit plan entitlements

Under the sick leave benefit plan, unused sick leave can accumulate and some employees may become entitled to a cash payment when they leave the City's employ. The most recent full actuarial valuation was prepared effective December 31, 2022 and the results of that valuation, together with actual and expected experience, have been used to provide extrapolated results effective December 31, 2024.

(c) Post-employment benefits

The City makes available to qualifying employees certain non-pension retirement benefits for extended health care and life insurance.

The most recent full actuarial valuation was prepared effective December 31, 2022 and the results of that valuation, together with actual and expected experience, have been used to provide extrapolated results effective December 31, 2024.

The significant actuarial assumptions adopted in estimating the City's accrued post-employment benefits liability are as follows:

Discount rate – benefit plans	4.70%
Discount rate – sick leave	4.50%
Future inflation rates	2.0% per annum
Medical benefit cost escalation	4.60% per year reducing to 4.5% after 4 years

Information about the City's employee benefits, post-employment benefits and other liabilities is as follows:

	\$
Liability for post employment benefits as at January 1, 2024	50,438,074
Current period service cost	2,160,000
Amortization of actuarial gains	(917,100)
Interest	1,803,433
Benefits paid	(3,025,500)
Liability for post employment benefits as at December 31, 2024	50,458,907

The accrued benefit liability as of year-end is determined as follows:

	\$
Accrued benefit obligation	41,834,407
Unamortized actuarial gains	8,624,500
Liability for post employment benefits and other liabilities	50,458,907

6. Long-term liabilities

- (a) Long-term liabilities are comprised of debentures issued by the Region of Durham for which the City has assumed responsibility for the payment of principal and interest charges. Interest rates vary from 1.15% to 5.334%.
- (b) Future principal payments required for payment of net long-term liabilities are summarized as follows:

	\$
2025	5,775,486
2026	6,017,445
2027	5,343,940
2028	3,791,037
2029	3,546,780
Total	24,474,688
Payable in 2030 to 2033	3,499,000
	<u>27,973,688</u>

By-laws for long term liabilities are approved by Council. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limits prescribed by the Ministry of Municipal Affairs and Housing.

- (c) Principal repaid on long-term liabilities in 2024 amounted to \$6,692,173 (\$6,421,921 in 2023).
- (d) Interest expense on long-term liabilities in 2024 amounted to \$1,401,968 (\$1,673,907 in 2023).

7. Liability for contaminated sites

The City has recorded an unfunded liability of \$2,860,000 (\$2,860,000 in 2023) for the estimated remediation costs associated with a City owned site with identified contaminants in the soil. The liability estimate for the site identified was based on an environmental assessment conducted by a third party engineering firm during 2023. At this time, the City does not anticipate obtaining any recoveries in respect of the estimated liability.

8. Asset Retirement Obligation

The City's Asset Retirement Obligation consists of several obligations as follows:

(a) Asbestos obligation

The City owns buildings which contain asbestos and is legally required to perform abatement activities upon renovation or demolition of the asset. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed.

(b) Other obligations

The City owns ice rinks containing ammonia and brine/glycol for which environmental disposal costs will be incurred on retirement of the asset. The City also owns firewater holding tanks that will be accounted for on retirement.

8. Asset Retirement Obligation (continued)

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

	Asbestos	Other obligations	Balance at December 31, 2024
	\$	\$	\$
Asset retirement obligation			
Balance, beginning of the year	2,244,253	220,000	2,464,253
Liabilities incurred	—	—	—
Liabilities settled	—	—	—
Closing balance	2,244,253	220,000	2,464,253

9. Internal debt

The City issues internal debt through the use of Interfund Notes (IFN). Interfund Notes represent an investment of surplus cash used to finance capital projects. The City has two forms of IFNs: notes to generate incremental revenue and notes to finance City owned capital projects.

IFNs issued to generate incremental revenue are an investment by the City in projects that are not owned by the City. The new revenue streams from these investments will retire the IFN used to fund the project, and ultimately realize revenue in the future to reduce tax levy pressures.

The interest rate charged on IFNs to finance City owned capital projects is prime rate, at the issuance of the note, less half a percent.

The City's Interfund Note balance at December 31, 2024 is \$8,034,244 (\$3,098,128 in 2023).

	2024	2023
	\$	\$
IFNs to finance capital projects		
Capital Requirements for New Staff	—	1,662,203
Three Road Projects	—	800,000
Replace Fuel Tanks Oshawa Executive Airport	570,601	635,925
Roof Replacement - Harman Park	2,300,000	—
Structural Rehabilitation Program	400,000	—
Roof Replacement - Jubilee	344,643	—
Bunker Gear Storage Rooms - Fire Halls	250,000	—
Rose Valley Community Park	947,000	—
Greenbriar Park Redevelopment	800,000	—
Everglades Park Redevelopment	150,000	—
Parks Enhancement Program	500,000	—
Pedestrian Bridge - Knights of Columbus Park	630,000	—
Replacement of Transponders and Equipment	350,000	—
Thornton Road North	792,000	—
	8,034,244	3,098,128

10. Tangible capital assets

Tangible capital assets consist of the following:

	2024	2023
	\$	\$
Land	142,622,683	138,221,537
Land improvements	44,047,288	40,939,261
Buildings	117,367,854	115,617,363
Machinery and equipment	17,338,341	15,225,726
Vehicles	13,749,848	13,489,233
Furniture	161,932	228,034
Linear assets	289,087,690	265,649,978
Other assets	4,192,717	4,949,506
	628,568,353	594,320,638
Work-in-progress	64,576,922	45,035,095
	693,145,275	639,355,733

(i) Contributed tangible capital assets

The City records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are land, roadways, and storm sewer lines installed by a developer as part of a subdivision agreement. Transfers of tangible capital assets in 2024 amounted to \$29,320,617 (\$9,639,302 in 2023).

(ii) Tangible capital assets recognized at nominal value

Certain assets have been assigned a nominal value of one Canadian dollar because of the difficulty of determining a tenable valuation and/or the assets were older than their estimated expected useful lives, and therefore were fully amortized.

(iii) Works of art and historical treasures

The City protects and preserves a number of owned historical buildings, collections of equipment, artifacts, documents and exhibits and works of art. These assets are not held for financial gain or to provide service but rather for public exhibition, education or research in furtherance of public service. These historical treasures and works of art are not recognized as tangible capital assets in the financial statements. The acquisition or betterment of such assets is recognized in the financial statements as an operating expense.

11. Accumulated surplus

Accumulated surplus consists of the following:

	2024	2023
	\$	\$
Operating fund	3,157,533	6,236,285
Capital fund	1,458,216	2,512,928
Reserves and reserve funds	133,641,645	124,769,820
Unfunded liabilities	(82,972,595)	(90,063,935)
Net equity in OPUC	86,239,400	84,559,400
Invested in tangible capital assets	693,145,275	639,355,733
Asset Retirement Obligations	(2,464,253)	(2,464,253)
	832,205,221	764,905,978

12. Pension agreements

The City makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all regular, full-time and eligible other-than-continuous full-time employees. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Contributions made by the City in 2024 amounted to \$9,673,082 (\$8,790,391 in 2023).

As at December 31, 2024, the OMERS plan with over 639,700 members had a funding deficit of approximately \$2.9 billion.

13. Trust funds

Trust funds administered by the City amounting to \$1,634,660 (\$1,581,451 in 2023) are presented separately in the Trust Fund Statement of Financial Activities and Fund Balance and Statement of Financial Position.

14. Expenses by object

The following is a summary of the expenses reported on the Consolidated Statement of Operations by object of expenses:

	2024	2023
	\$	\$
Salaries, wages and benefits	130,624,802	117,287,382
Interest on long-term debt	1,460,538	1,751,632
Materials and supplies	54,054,188	53,700,125
Rents and financial expenses	690,134	590,842
Transfer payments	11,673,061	10,496,869
Amortization	29,459,395	29,459,772
	227,962,118	213,286,622

15. Contingencies

The City has been named as defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at December 31, 2024 and accordingly no provision has been made in these financial statements for any liability that may result.

16. Commitments

Minimum payments under operating leases for computer equipment as follows:

	\$
2025	591,524
2026	435,393
2027	222,472

17. Guarantees

The City’s primary guarantees include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements.

These indemnification agreements may require the City to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the City from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the City has not made any significant payments under such or similar indemnification agreements and therefore, no amount has been accrued in the financial statements with respect to these agreements.

18. Budget figures

The budgets originally approved by City Council for 2024, adjusted as noted below, are reflected on the Consolidated Statement of Operations.

- An amount for amortization expense has been added and is based on management’s best estimate of amortization expense determined at the beginning of the year. Amortization expense was not included in the original Council approved budget.
- Amounts included in the original Council approved capital budget which are not recognized as tangible capital assets are included in Consolidated Statement of Operations under the appropriate functional expense category.

Budget figures have been reclassified for purposes of these consolidated financial statements to comply with PSAB reporting requirements. For Tangible Capital Assets, budgets are set for individual projects. As many capital projects are carried out over one or more years it is not practical to present annualized budget information on the Consolidated Statement of Change in Net Debt.

19. Segmented reporting

The City of Oshawa is a diversified lower tier municipal government that provides a wide range of services to the residents including Fire, Transportation, Library, Recreation, Waste Collection, Airport, Cemetery, and others. For segmented reporting purposes, financial information is presented by functional classification as categorized by the Financial Information Return required by the Province.

General government

The Office of the CAO and Corporate and Finance Services departments are primarily responsible for the provision of internal services that support the work of City Council, management and staff across all municipal departments as well as for the provision of external services to the public. These services are provided for through the governance and corporate management divisions including Legislative Services, Corporate Communications, and Corporate Strategic Initiatives through the Office of the CAO and Finance Services, Information Technology, Innovation and Transformation, Legal Services, and Human Resources through Corporate and Finance Services. Business and Economic Development are also part of this segmented reporting.

Protection to persons and property

Protection is comprised of Fire Services, Municipal Law Enforcement and Licensing Services ("MLELS"), Building Permit and Inspection Services, and Corporate Security. Fire Services is responsible to provide fire suppression, fire prevention, education, planning and emergency incident services to the City of Oshawa. MLELS is responsible for the investigation and enforcement of various municipal by-laws related to property standards, lot maintenance, zoning, signs, noise, parking enforcement and animal licensing. Corporate Security is responsible to ensure proper security and safety measures are in place throughout the City of Oshawa.

Transportation services

The majority of transportation services are provided by Community and Operations Services as well as Engineering Services. The primary responsibilities include inspection and maintenance of the City roads and structures, sidewalks, traffic engineering, transportation planning, streetlights, road and sidewalk snow clearing and winter control. Revenues and expenses related to the Oshawa Executive Airport are also part of this segmented reporting.

Environmental services

Environmental Services are provided by Parks and Waste Operations Services as well as Engineering Services. Responsibilities include sustaining the quality of life for the residents of the City of Oshawa through the collection of organics and residual waste, stormwater management, and monitoring and administering environmental programs.

Health and social services

Cemetery Services is the only City branch in this category. Union Cemetery provides maintenance and administration of cemetery operations. Additionally, it ensures the benefit and protection of each citizen who has purchased or has an interest in interment rights within the cemetery.

19. Segmented reporting (continued)

Recreation and cultural services

Recreation Services provide public services that contribute to neighbourhood development and sustainability, the provision of recreation and leisure services such as fitness, skating and aquatic programs. Parks Services provide the maintenance, improvement and beautification of parks and trails. This segment includes the Oshawa Public Library which provides facilities and materials to meet the informational, educational, recreational and cultural needs of the City's residents. The revenues and expenses related to the Tribute Communities Centre are also part of this segmented reporting.

Planning and development services

Development Services manages urban and rural development, local neighbourhood planning, community development and heritage matters. It ensures an acceptable quality of building construction and maintenance of properties. Development Services also develops and maintains the City's Official Plan and Zoning By-laws and amendments, and real estate services.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and any amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

20. Prior Year Restatement

Effective January 1, 2024, the City of Oshawa adopted PS 3400, Revenue. As part of this transition, the City determined that the activity related to the Building Permit Reserve Fund which had previously been reported as a discretionary reserve fund should have been recorded as activity related to an obligatory reserve fund.

The comparative figures of 2023 have been restated to reflect the correct treatment. The implications of the restatement resulted in the following changes to the 2023 comparative consolidated financial statements:

	2023 Previously reported \$	Adjustment \$	2023 \$ (Restated)
Consolidated statement of financial position			
Deferred revenue	147,677,250	13,477,431	161,154,681
Accumulated surplus, end of year	<u>778,383,409</u>	<u>(13,477,431)</u>	<u>764,905,978</u>
Consolidated statement of operations			
Revenue			
Investment income	10,564,211	(367,832)	10,196,379
Licenses and permits	6,193,808	(136,504)	6,057,304
Annual surplus	47,769,629	(504,336)	47,265,293
Accumulated surplus, adjustment of reclassification of building permit reserve	—	(12,973,095)	(12,973,095)
Accumulated surplus, end of year	<u>778,383,409</u>	<u>(13,477,431)</u>	<u>764,905,978</u>
Consolidated statement of changes in net financial assets			
Annual surplus	47,769,629	(504,336)	47,265,293
Net financial assets, beginning of year	108,633,628	(12,973,095)	95,660,533
Net financial assets, end of year	<u>134,142,767</u>	<u>(13,477,431)</u>	<u>120,665,336</u>
Consolidated statement of cash flows			
Annual surplus	47,769,629	(504,336)	47,265,293
Deferred revenue, net change	<u>8,582,973</u>	<u>504,336</u>	<u>9,087,309</u>

The Corporation of the City of Oshawa

Schedule 1 – Consolidated schedule of tangible capital assets

Year ended December 31, 2024

	Land \$	Land improvements \$	Buildings \$	Machinery and equipment \$	Vehicles \$	Furniture \$	Linear assets \$	Other assets \$	Work-in progress \$	2024 Total \$
Balance, beginning of year	138,221,537	72,683,907	266,523,876	40,642,441	31,995,805	956,936	522,941,581	16,203,062	45,035,095	1,135,204,240
Additions	4,401,146	5,880,678	8,757,939	5,349,668	2,589,421	—	36,742,338	—	34,756,400	98,477,590
Disposals/write downs	—	(1,322)	(666,724)	(101,539)	(789,969)	(3,100)	—	(2,200,533)	(15,214,573)	(18,977,760)
	142,622,683	78,563,263	274,615,091	45,890,570	33,795,257	953,836	559,683,919	14,002,529	64,576,922	1,214,704,070
Balance, beginning of year	—	31,744,646	150,906,513	25,416,715	18,506,572	728,902	257,291,603	11,253,556	—	495,848,507
Amortization expense	—	2,772,651	7,003,047	3,227,374	2,328,806	66,102	13,304,626	756,789	—	29,459,395
Amortization disposal	—	(1,322)	(662,323)	(91,860)	(789,969)	(3,100)	—	(2,200,533)	—	(3,749,107)
	—	34,515,975	157,247,237	28,552,229	20,045,409	791,904	270,596,229	9,809,812	—	521,558,795
	142,622,683	44,047,288	117,367,854	17,338,341	13,749,848	161,932	289,087,690	4,192,717	64,576,922	693,145,275
	Land \$	Land improvements \$	Buildings \$	Machinery and equipment \$	Vehicles \$	Furniture \$	Linear assets \$	Other assets \$	Work-in progress \$	2023 Total \$
Balance, beginning of year	131,721,537	62,389,741	263,712,662	38,010,821	32,488,949	956,936	507,806,951	16,203,062	33,876,711	1,087,167,370
Additions	6,500,000	10,510,861	3,231,678	2,688,804	1,369,515	—	15,159,796	—	25,092,238	64,552,892
Disposals/write downs	—	(216,695)	(420,464)	(57,184)	(1,862,659)	—	(25,166)	—	(13,933,854)	(16,516,022)
	138,221,537	72,683,907	266,523,876	40,642,441	31,995,805	956,936	522,941,581	16,203,062	45,035,095	1,135,204,240
Balance, beginning of year	—	29,394,446	144,204,323	22,506,893	17,847,927	642,100	243,869,903	10,307,054	—	468,772,646
Amortization expense	—	2,566,066	6,926,274	2,967,006	2,521,304	86,802	13,445,818	946,502	—	29,459,772
Amortization disposal	—	(215,866)	(224,084)	(57,184)	(1,862,659)	—	(24,118)	—	—	(2,383,911)
	—	31,744,646	150,906,513	25,416,715	18,506,572	728,902	257,291,603	11,253,556	—	495,848,507
	138,221,537	40,939,261	115,617,363	15,225,726	13,489,233	228,034	265,649,978	4,949,506	45,035,095	639,355,733

The Corporation of the City of Oshawa
Schedule 2 – Consolidated schedule of segmented disclosure
Year ended December 31, 2024

	Protection to persons and property \$	Transportation services \$	Recreation and culture \$	Planning and development \$	Environmental services \$	Health and social services \$	General government \$	2024 Total consolidated \$
Expenses								
Salaries and wages	45,956,752	16,131,356	31,770,152	3,160,859	5,183,657	334,253	28,087,773	130,624,802
Debt servicing (interest)	—	—	803,732	—	—	—	656,806	1,460,538
Amortization	1,465,001	13,211,052	7,867,928	—	3,519,245	51,272	3,344,897	29,459,395
Other expenses	4,390,812	16,012,877	21,999,078	714,978	3,883,867	2,434,823	16,980,948	66,417,383
	51,812,565	45,355,285	62,440,890	3,875,837	12,586,769	2,820,348	49,070,424	227,962,118
External tax revenues	38,840,020	33,999,478	46,807,283	2,905,426	9,435,363	2,114,205	36,784,441	170,886,216
External non-tax revenues	9,823,177	44,600,766	23,223,473	2,764,543	16,619,933	286,539	24,176,714	121,495,145
Net income OPUC	—	—	—	—	—	—	2,880,000	2,880,000
	48,663,197	78,600,244	70,030,756	5,669,969	26,055,296	2,400,744	63,841,155	295,261,361
Annual surplus before transfers	(3,149,368)	33,244,959	7,589,866	1,794,132	13,468,527	(419,604)	14,770,731	67,299,243
	Protection to persons and property \$	Transportation services \$	Recreation and culture \$	Planning and development \$	Environmental services \$	Health and social services \$	General government \$	2023 Total consolidated \$
								(Restated)
Expenses								
Salaries and wages	40,341,204	14,423,553	30,044,428	2,736,151	4,106,890	318,971	25,316,185	117,287,382
Debt servicing (interest)	—	77,725	1,002,963	—	—	—	670,944	1,751,632
Amortization	1,349,674	13,424,937	7,736,735	—	3,592,955	64,381	3,291,090	29,459,772
Other expenses	4,194,422	14,972,970	23,113,973	348,044	3,670,543	2,300,589	16,187,295	64,787,836
	45,885,300	42,899,185	61,898,099	3,084,195	11,370,388	2,683,941	45,465,514	213,286,622
External tax revenues	35,569,231	33,254,463	47,981,985	2,390,797	8,814,064	2,080,529	35,243,823	165,334,892
External non-tax revenues	8,588,969	28,731,636	26,503,379	7,223,024	1,011,216	326,538	18,807,261	91,192,023
Net income OPUC	—	—	—	—	—	—	4,025,000	4,025,000
	44,158,200	61,986,099	74,485,364	9,613,821	9,825,280	2,407,067	58,076,084	260,551,915
Annual surplus before transfers	(1,727,100)	19,086,914	12,587,265	6,529,626	(1,545,108)	(276,874)	12,610,570	47,265,293