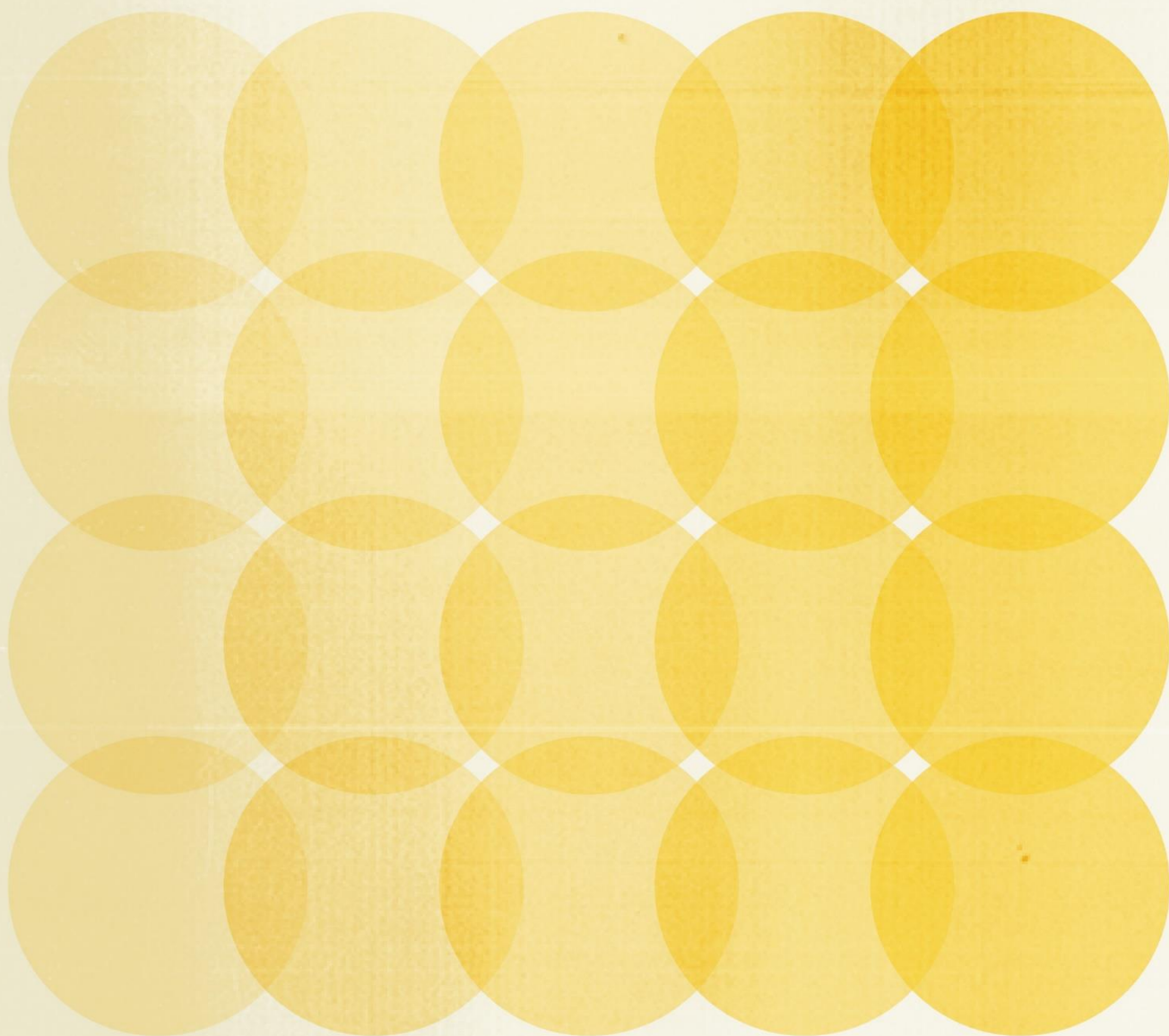


# 2023 Financial Year in Review



## 2023 Financial Year in Review

### Introduction

The City of Mississauga's consolidated financial statements have been prepared in accordance with the *Municipal Act, 2001* and based on the reporting standards set by the [Public Sector Accounting Board](#) (PSAB).

There are four required consolidated financial statements:

- the Consolidated Statement of Financial Position
- the Consolidated Statement of Operations
- the Consolidated Statement of Change in Net Financial Assets
- the Consolidated Statement of Cash Flows

The consolidated financial statements include the City, the Mississauga Public Library Board, Tourism Mississauga, Enersource Corporation, and the five Business Improvement Areas/Associations (BIAs). These consolidated financial statements provide information on the cost of all the City activities, how they were financed, investing activities and the assets and liabilities of the City.

The following is a high-level overview of the 2023 financial results of the City.

## **Consolidated Statement of Financial Position**

The Consolidated Statement of Financial Position presents four key figures that together describe the financial position of a public entity:

- Total financial assets, including cash and investments
- Total financial liabilities, including long-term debt
- Total non-financial assets, including tangible capital assets
- The accumulated surplus/(deficit) which identifies the net financial position

The City manages its financial operations through various funds such as the operating fund, capital fund, reserves and reserve funds. In accordance with PSAB standards, these funds are not individually reported in the consolidated financial statements and show instead as accumulated surplus. The accumulated surplus summarizes the City's consolidated equity, which identifies its net financial position, including all tangible capital assets and financial resources of the City.

## Financial Assets

Financial assets were \$2.6 billion in 2023 (\$2.52 billion in 2022), which is an increase of \$80.5 million over the 2022 value.

ITEM (\$000s)	REF. #	2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
Cash	1	273,785	303,166	(29,381)	(9.7%)
Taxes Receivable	2	89,186	66,237	22,949	34.6%
Accounts Receivable	3	200,339	121,857	78,482	64.4%
Loans and Other Receivables	4	250	300	(50)	(16.7%)
Inventories for Resale	5	97	97	0	0.0%
Investments	6	1,509,569	1,518,329	(8,760)	(0.6%)
Investment in Enersource Corporation	7	522,683	505,416	17,267	3.4%
<b>Total Financial Assets</b>		<b>2,595,909</b>	<b>2,515,402</b>	<b>80,507</b>	<b>3.2%</b>

### COMMENTARY:

#### 1. Cash

2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
273,785	303,166	(29,381)	(9.7%)

**What it is:** Cash is the money available on demand to pay for operating and capital expenses.

**Why it is important:** Cash is used to fund the disbursements needed for daily operations such as payments for staff, materials and supplies, contractors, and more. The City keeps enough cash on hand to conduct its day-to-day work. Excess cash is invested to earn a higher financial return.

**Change between 2023 and 2022:** Lower reserve and reserve fund balances at year end accounted for the lower cash and investment balances.

#### 2. Taxes Receivable

2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
89,186	66,237	22,949	34.6%

**What it is:** Taxes receivable are any uncollected property taxes as at December 31. The tax levy is applied in June with due dates in July, August and September.

**Why it is important:** Property tax is the single largest source of revenue for the City. When collected, property tax becomes the cash to fund daily operations. The City has strong collection practices and has historically achieved a high rate of collection success (97 to 98 per cent).

**Change between 2023 and 2022:** The increased taxes receivable reflect some property owners' inability to pay either in full or on time, potentially due to the ongoing impacts of inflation. The City uses all of its legislated collection tools and abilities to collect the outstanding taxes in a fair manner that is helpful to the resident.

### 3. Accounts Receivable

2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
200,339	121,857	78,482	64.4%

**What it is:** Accounts receivable represents various types of amounts owed to the City across all types of operations, excluding property tax.

**Why it is important:** The City collects various funds including third-party recoveries for work performed by the City and HST rebates.

**Change between 2023 and 2022:** This number varies from year to year based on the timing of collections of departmental receivables and capital works recoveries where shared funding agreements are in place. When applicable, penalty and interest charges are applied on overdue accounts.

Recoveries from federal government agencies increased by \$60.2 million from 2022. Recovery from the Investing in Canada Infrastructure Program (ICIP) - Public Transit Resilience Stream was the primary driver (federal/provincial split).

Recoveries from the Province of Ontario increased by \$33.7 million from 2022. Recovery from the Investing in Canada Infrastructure Program (ICIP) was the primary driver (federal/provincial split).

Recoveries from the Region of Peel and other municipalities decreased by \$4.8 million from 2022.

Recoveries from the school boards decreased by \$6.7 million from 2022.

Other general receivables decreased by \$3.8 million from 2022.

### 4. Loans and Other Receivables

2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
250	300	(50)	(16.7%)

**What it is:** From time to time, the City enters into special contractual arrangements approved by Council that may include loans to third parties. The City currently has one 20-year special purpose loan made for the Vic Johnston Community Centre development project. The loan is scheduled to be paid off in 2028.

**Why it is important:** These receivables are categorized separately from other receivables because they have been created by a special arrangement.

**Change between 2023 and 2022:** Each December, a payment of \$50,000 is applied against the Vic Johnston Community Centre loan.

## 5. Inventories for Resale

2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
97	97	0	0.0%

**What it is:** Inventories for resale represents the value of owned items on hand intended for resale for various City services (e.g., snack bar items, beer and liquor, golf balls).

**Why it is important:** These inventories have value and their eventual sale delivers revenue to the City.

**Change between 2023 and 2022:** This number varies from year to year based on the timing of sales and the replenishment of inventory prior to December 31. There were fluctuations across all inventory categories, resulting in the nil change.

## 6. Investments

2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
1,509,569	1,518,329	(8,760)	(0.6%)

**What it is:** Cash that is not being used to manage the day-to-day operation of the City is invested in securities to earn a higher rate of return. Investments can be short-term (one year or less) or long-term (longer than one year).

**Why it is important:** Investment income is a critical component of the City's revenue base. The City's investment portfolios yield a higher rate of return than bank deposits.

**Change between 2023 and 2022:** Investment balances fluctuate with cash flow requirements and the timing of receipts and disbursements. Lower reserve and reserve fund balances at year end accounted for the lower cash and investment balances.

## 7. Investment in Enersource Corporation

2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
522,683	505,416	17,267	3.4%

**What it is:** The City is a 90 per cent shareholder in Enersource Corporation. This number represents 90 per cent of Enersource's equity as at December 31 (using the modified equity basis of accounting). Enersource, in turn, is a 29.57 per cent owner of Alectra Inc.

**Why it is important:** The investment in Enersource generates an annual dividend that helps to fund City operations and moderate the property tax rate.

**Change between 2023 and 2022:** The City's share of Enersource's net income of \$36.1 million (2022 \$15.9 million), offset by the City's share of the comprehensive income of \$292,000 and dividend payments to the City of \$18.6 million (2022 \$21.0 million), comprises the increase in the Enersource investment position.

## Financial Liabilities

Financial liabilities were \$1.65 billion in 2023 (\$1.58 billion in 2022), which is an increase of \$75.4 million over the 2022 value.

ITEM (\$000s)	REF. #	2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
Accounts Payable and Accrued Liabilities	1	274,046	265,955	8,091	3.0%
Deferred Revenue – General	2	36,280	21,813	14,467	66.3%
Deferred Revenue – Obligatory Reserve Funds	3	859,129	784,686	74,443	9.5%
Employee Benefits and Other Liabilities	4	258,608	240,740	17,868	7.4%
Asset Retirement Obligation	5	14,975	13,344	1,631	12.2%
Long-term Debt	6	208,040	249,095	(41,055)	(16.5%)
<b>Total Financial Liabilities</b>		<b>1,651,078</b>	<b>1,575,633</b>	<b>75,445</b>	<b>4.8%</b>

### COMMENTARY:

#### 1. Accounts Payable and Accrued Liabilities

2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
274,046	265,955	8,091	3.0%

**What it is:** Accounts payable and accrued liabilities are the monies owed for goods, services, payroll, deposits held by the City and third-party remittances due as at December 31.

**Why it is important:** These payables represent the outstanding obligations by the City as at December 31. As accounts payables are drawn down, the City's cash position is also drawn down.

**Change between 2023 and 2022:** The timing of payments and year-end accruals affect these liabilities and the City's cash position. The main contributors to this variance are the increase in the City's payables (\$3.7 million) and an increase in held security deposits (\$4.5 million), offset by overall minor decreases in other liabilities (\$0.3 million).

#### 2. Deferred Revenue – General

2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
36,280	21,813	14,467	66.3%

**What it is:** Deferred revenue is payments received during the year that are to be recognized when the related activity takes place in the future. Some examples include recreation registrations, facility bookings, purchases of memorial trees and benches, and bus advertising.

**Why it is important:** Deferred revenue represents future revenue once the corresponding activities have been performed.

**Change between 2023 and 2022:** Increases in advanced sale of goods and services (\$5.7 million) and long-term disability contributions (\$10.3 million) were offset by a decrease in government grants and other contributions.

### 3. Deferred Revenue – Obligatory Reserve Funds

2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
859,129	784,686	74,443	9.5%

**What it is:** This liability is for deferred revenue payments initially received for restricted or conditional agreements that can only be used for the purposes specified in those agreements or legislation. Some examples include development charges, cash in lieu (CIL) of parkland and parking, community benefit charges, provincial and federal public transit funds, provincial gas tax funds, and the Canada Community-Building Fund (CCBF).

**Why it is important:** This deferred revenue is initially collected and accounted for in dedicated reserve funds. The funds become revenue when the related capital and operating expenses have been incurred.

**Change between 2023 and 2022:** The increases in obligatory reserve fund balances in 2023 were primarily attributed to a \$55.9 million increase in development charges, \$4.0 million in CIL parking, \$7.3 million in community benefit charges, \$28.4 million in the Housing Accelerator Fund, and \$4.6 million in provincial gas tax. These are offset by decreases of \$1.9 million in CIL parkland, \$23.3 in the Canada Community-Building Fund, and \$0.6 million in provincial and federal transit funds.

### 4. Employee Benefits and Other Liabilities

2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
258,608	240,740	17,868	7.4%

**What it is:** These liabilities include actuarial assessments for the City's obligations for Workplace Safety and Insurance Board (WSIB) costs, sick leave and disability benefits, vacation pay entitlements, developer charge credits, contaminated sites, and legal and insurance liability provisions. They represent future obligations but are reported in present value terms.

**Why it is important:** These liabilities represent expenses that will be incurred in the future that must be reported on the Consolidated Statement of Financial Position to provide an accurate assessment of the City's obligations at a point in time. The City has an external actuarial valuation performed every three years to review these liabilities. Updates can be made annually if there are any significant changes to benefits entitlements, legislation, or the assumptions made in the analysis.

**Change between 2023 and 2022:** A full actuarial benefit evaluation was completed in 2023 and revised based on benefit program changes and recent claims activity. In 2023, long-term disability was moved from an insured program to a City self-insured program which resulted in a new liability and expense of \$8.4 million. WSIB increased



by \$5.6 million, sick leave by \$1.7 million, early retirement by \$2.2 million, post-employment by \$1.6 million, vacation pay by \$1.5 million and, and contaminated sites by \$3.0 million. These increases are offset by a decrease in developer charges of \$6.2 million.

## 5. Asset Retirement Obligation

2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
14,975	13,344	1,631	12.2%

**What it is:** The City has legal obligations associated with the retirement from service of buildings, equipment, and lease agreements. The City recognizes obligations to retiring tangible capital assets from service in the period in which the obligation arises, which is typically upon acquisition or development of the asset, or when a reasonable estimate of the obligation can be made.

**Why it is important:** Asset retirement obligations (ARO) are reviewed at each statement of financial reporting date and adjusted based on the facts and circumstances available at that time. Changes to the estimated timing or amount of future asset retirement obligation costs are recognized in the Statement of Financial Position. Once the related tangible capital asset is no longer in productive use or remediated, the estimate of the liability for ARO is removed from the Statement of Financial Position and any additional cost that arises in respect of the asset's disposal or remediation is recognized as an expense.

**Change between 2023 and 2022:** ARO became a new accounting and reporting standard in 2023 under PSAB guidelines.

## 6. Long-Term Debt

2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
208,040	249,095	(41,055)	(16.5%)

**What it is:** Long-term debt is the amount of debt outstanding as at December 31 each year. Debt is issued to help fund the City's investments in its capital infrastructure.

**Why it is important:** Debt is a key tool used by the City to fund its infrastructure requirements. Provincial legislation allows municipalities to carry debt equivalent to 25 per cent of own-source revenue. The City's debt policy limits debt repayment to 15 per cent of own-source revenue. The City is currently well within that range at 5.4 per cent of own-source revenue.

**Change between 2023 and 2022:** There were no debt issuances in 2023. Planned debt issuances were deferred to 2024 due to the Region of Peel dissolution discussions.

## Non-Financial Assets

Non-financial assets were \$8.91 billion in 2023 (\$8.61 billion in 2022), which is an increase of \$301.5 million over the 2022 value.

ITEM (\$000s)	REF. #	2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
Tangible Capital Assets	1	8,888,802	8,587,543	301,259	3.5%
Inventory of Supplies	2	12,280	10,929	1,351	12.4%
Prepaid Expenses	3	7,902	8,758	(856)	(9.8%)
<b>Total Non-Financial Assets</b>		<b>8,908,984</b>	<b>8,607,230</b>	<b>301,754</b>	<b>3.5%</b>

COMMENTARY:

### 1. Tangible Capital Assets

2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
8,888,802	8,587,543	301,259	3.5%

**What it is:** Tangible capital assets (TCA) represent the City's investment in capital infrastructure such as buildings, roads, stormwater management facilities, vehicles, and equipment. Each year, the City prepares a capital budget for new capital projects and renovations to existing assets. These capital projects become assets when the project goes into service or is completed. The City maintains capital assets through its operating budget.

**Why it is important:** The City's tangible capital assets support all of the services and programs it provides, and represents the results of its investment in capital infrastructure.

**Change between 2023 and 2022:** Assets valued at \$577.2 million were added to the City's tangible capital asset inventory in 2023. These additions were offset by \$230.2 million in asset disposals and amortization of \$165.7 million.

### 2. Inventory of Supplies

2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
12,280	10,929	1,351	12.4%

**What it is:** This category is for goods that support front-line services. Examples of these inventories include traffic signals and equipment; fuel; salt and sand inventories; fire equipment; transit fleet supplies; and lighting equipment.

**Why it is important:** These inventories are necessary to help the City deliver its services to residents, visitors and businesses.

**Change between 2023 and 2022:** General fluctuations up and down in all inventory categories accounted for the slight overall increase. A mild December also resulted in higher salt and sand inventories.

### 3. Prepaid Expenses

2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
7,902	8,758	(856)	(9.8%)

**What it is:** Prepaid expenses are payments made in the current year for things that are intended to be consumed or used in future years and recognized as an expense at that point. Some examples include memberships, subscriptions, debt fees, and prepaid postage.

**Why it is important:** Prepaid expenses allow expenses to be recorded when the good or service is consumed, regardless of when payment was made.

**Change between 2023 and 2022:** Timing on payments and general fluctuations in accounts payable accruals accounted for the overall decrease from 2022 to 2023.

## Tangible Capital Assets Overview

All City assets at the end of 2023 have been inventoried, assessed at cost and recorded in an asset registry for accounting, reporting, and asset management purposes. The City's net book value of tangible capital assets at the end of 2023 was \$8.89 billion (\$8.59 billion in 2022). Refer to **Note 13** in the Consolidated Financial Statements for a detailed breakdown of tangible capital asset activity. The annual amortization expense in 2023 was \$165.68 million (\$150.17 million in 2022).

In 2023, the City invested in a variety of projects to build, maintain, rehabilitate and remodel infrastructure. The City's 10-year capital program is \$4.6 billion (gross). Fifty-six per cent of the committed capital program is for state-of-good-repair projects. These projects support the maintenance of, and protect taxpayers' investments in, these valuable public infrastructure assets.

## Amortization versus Transfers to Capital Reserve Fund

The City owns infrastructure assets with an estimated replacement cost of \$15.3 billion. The majority of capital spending is to ensure the City maintains or replaces its current infrastructure. Several financing strategies are used to ensure assets remain in a state of good repair, including an annual infrastructure levy and sustained funding from federal and provincial government partners (e.g., Canada Community-Building Fund).

There continues to be an infrastructure gap, where the City's funding from all currently available sources does not fully meet its state-of-good-repair needs. The chart below highlights the annual amortization of the City's tangible capital assets, along with the funding transferred to the capital reserve fund to ultimately repair and replace those assets. Implementation of asset management best practices, as well as assistance from senior levels of government through continued infrastructure funding programs, will provide opportunities to address some elements of the infrastructure funding gap.

## Accumulated Surplus

Accumulated surplus represents the accumulated excess of revenue over expenses from prior years, and is essentially, the overall net worth of the City.

The accumulated surplus was \$9.85 billion in 2023 (\$9.55 billion in 2022), which is an increase of \$307.11 million over the 2022 value. Additional information can be found in **Note 14** in the Consolidated Financial Statements.

ITEM (\$000s)	2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
Tangible Capital Assets	8,888,802	8,587,544	301,258	3.5%
Employee Benefits and Other Liabilities	(258,608)	(240,740)	(17,868)	7.4%
Long-term Debt	(208,040)	(249,095)	41,055	(16.5%)
Investment in Enersource Corporation	522,683	505,416	17,267	3.4%
Asset Retirement Obligation	(14,975)	(13,344)	(1,631)	12.2%
Reserves	123,057	129,503	(6,446)	(5.0%)
Reserve Funds	800,896	827,715	(26,819)	(3.2%)
<b>Total</b>	<b>9,853,815</b>	<b>9,546,999</b>	<b>306,816</b>	<b>3.2%</b>
Accumulated Surplus	9,854,107	9,546,999		
Accumulated Remeasurement Gain/(Loss)	(292)	0		
<b>Total</b>	<b>9,853,815</b>	<b>9,546,999</b>		

## Accumulated Remeasurement Gain/(Loss)

The accumulated remeasurement gain/(loss) is unrealized revenue or expenses of the City that is reported separately on the Consolidated Statement of Financial Position and is excluded from the accumulated surplus calculation. At the time it becomes realized, the gain/(loss) is recognized on the Consolidated Statement of Operations and becomes part of the accumulated surplus.

## Reserves and Reserve Funds Overview

Reserves and reserve fund balances are consolidated within the accumulated surplus position on the Consolidated Statement of Operations. Refer to **Note 14** in the Consolidated Financial Statements for more reserve and reserve fund information.

Reserves and reserve funds are established by Council. These funds are set aside to help offset future capital needs, obligations, pressures and costs. They are drawn upon to finance specific-purpose capital and operating expenditures as designated by Council to minimize tax rate fluctuations (due to unanticipated expenditure and revenue shortfalls) and to fund ongoing programs (i.e., insurance and employee benefits).

Reserves and reserve funds help the City meet projected expenditure needs in future years. However, draws on reserves and reserve funds in future years to support our growing capital infrastructure and maintenance needs will reduce these balances and therefore reduce the total accumulated surplus.

The reserve and reserve fund totals do not include development charges, senior government grants, and other reserve funds that are reported as Deferred Revenue – Obligatory Reserve Funds on the Consolidated Statement of Financial Position.

Reserve and reserve fund balances at the end of 2023 totalled \$923.95 million (\$957.22 million in 2022), which is a decrease of \$33.27 million over the 2022 value.

### Reserves

Reserves, which are discretionary in nature, are generally used to offset major fluctuations in operating costs/revenues or to fund future contingent liabilities. Total reserves were \$123.06 million in 2023 (\$129.5 million in 2022), which is a decrease of \$6.45 million over the 2022 value.

ITEM (\$000s)	2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
Fiscal Stability Reserve	45,570	53,307	(7,737)	(14.5%)
Operating Reserves	70,909	70,101	808	1.2%
Stormwater Fiscal Stability Reserve	6,007	5,546	461	8.3%
BIA Reserves	571	549	22	4.0%
<b>Total Reserves</b>	<b>123,057</b>	<b>129,503</b>	<b>(6,446)</b>	<b>(5.0%)</b>

## Reserve Funds

Reserve funds are segregated and restricted to meet specific, identified purposes for the City. Total reserve funds were \$800.9 million in 2023 (\$827.72 million in 2022), which is a decrease of \$26.82 million over the 2022 value.

ITEM (\$000s)	2023 ACTUAL	2022 ACTUAL	\$ CHANGE	% CHANGE
Tax Reserve Funds	427,976	466,485	(38,509)	(8.3%)
Stormwater Reserve Funds	170,047	144,764	25,283	17.5%
Lot Levy Reserve Funds	52,907	71,557	(18,650)	(26.1%)
Insurance Reserve Funds	39,610	40,998	(1,388)	(3.4%)
Employee Benefits Reserve Funds	26,189	30,405	(4,216)	(13.9%)
Developer Contributions Reserve Funds	36,946	35,937	1,009	2.8%
Other Reserve Funds	47,221	37,569	9,652	25.7%
<b>Total Reserve Funds</b>	<b>800,896</b>	<b>827,715</b>	<b>(26,819)</b>	<b>(3.2%)</b>

## Consolidated Statement of Operations

### Revenue

Total revenue was \$1.39 billion in 2023 (\$1.16 billion in 2022), which is an increase of \$226.4 million over the 2022 value.

ITEM (\$000s)	REF. #	2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
Property Taxes	1	638,400	639,813	584,150	1,413	0.2%	55,663	9.5%
Payment in Lieu of Taxes	2	37,061	15,295	15,558	(21,766)	(58.7%)	(263)	(1.7%)
Municipal Accommodation Tax	3	9,800	16,195	12,279	6,395	65.3%	3,916	31.9%
User Charges	4	284,570	260,313	232,734	(24,257)	(8.5%)	27,579	11.9%
Recoveries from Third Parties	5	105,191	161,883	34,696	56,692	53.9%	127,187	366.6%
Funding Transfers from Other Governments	6	2,011	3,868	37,067	1,857	92.3%	(33,199)	(89.6%)
Development and Other Contributions Applied	7	201,958	138,026	100,368	(63,932)	(31.7%)	37,658	37.5%
Investment Income	8	26,587	39,755	36,374	13,168	49.5%	3,381	9.3%
Penalties and Interest on Taxes	9	10,110	17,152	14,825	7,042	69.7%	2,327	15.7%
Contributed and Assumed Assets	10	0	60,379	75,591	60,379	100.0%	(15,212)	(20.1%)
Other	11	(595)	1,011	3,949	1,606	(269.9%)	(2,938)	(74.4%)
City's Share of Net Income in Enersource Corporation	12	25,000	36,153	15,890	11,153	44.6%	20,263	127.5%
<b>Total Revenue</b>		<b>1,340,093</b>	<b>1,389,843</b>	<b>1,163,481</b>	<b>49,750</b>	<b>3.7%</b>	<b>226,362</b>	<b>19.5%</b>



## COMMENTARY:

## 1. Property Taxes

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
638,400	639,813	584,150	1,413	0.2%	55,663	9.5%

**What it is:** Property taxes is the City's property tax revenue.

**Why it is important:** Property taxes are the City's single largest source of revenue.

**Change between 2023 and 2022:** In 2023, assessment growth was 0.81 per cent (0.81 per cent in 2022). For the 2023 Business Plan and Budget, Council approved a 3.0 per cent increase on the total residential tax bill and a 2.0 per cent increase on the total commercial tax bill.

**Variance between 2023 actuals and 2023 budget:** The unfavourable variance between actuals and budget is mainly due to an increase in processed rebate applications and assessment appeal adjustments.

## 2. Payment in Lieu of Taxes

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
37,061	15,295	15,558	(21,766)	(58.7%)	(263)	(1.7%)

**What it is:** Payments in lieu of taxes (PILTs) are a source of revenue for the City for delivering services to federally, provincially and locally owned properties that would be subject to property tax if they were privately owned.

**Why it is important:** The City is responsible to deliver services to all properties. In fairness, federally, provincially and locally owned properties within a municipality pay a PILT to supplement property taxes as if the properties were privately owned.

**Change between 2023 and 2022:** The small change is a result of assessment appeal adjustments processed in 2023 and federal properties opting to pay only the lower education rate.

**Variance between 2023 actuals and 2023 budget:** The unfavourable variance between actuals and budget is mainly due to the GTAA PILT revenue loss of \$21.8 million. The lower PILT payment was based on the passenger counts in 2021 which were impacted by COVID-19.

### 3. Municipal Accommodation Tax

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
9,800	16,195	12,279	6,395	65.3%	3,916	31.9%

**What it is:** Municipal Accommodation Tax (MAT) revenue is tax that applies to the purchase of accommodations provided for a continuous period of 30 days or less in a motel, hotel, lodge, inn, bed and breakfast, dwelling unit or any place that provides accommodation, including private short-term rentals through Airbnb.

**Why it is important:** MAT is a revenue tool that provides the City with an opportunity to generate funds that will be used for future tourism-related initiatives.

**Change between 2023 and 2022:** Occupancy rates in 2023 increased over those in 2022, resulting in an increase to Municipal Accommodation Tax revenue.

**Variance between 2023 actuals and 2023 budget:** The favourable variance between actuals and budget is due to a faster recovery of accommodation bookings than budgeted following the COVID-19 pandemic.

### 4. User Charges

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
284,570	260,313	232,734	(24,257)	(8.5%)	27,579	11.9%

**What it is:** User charges are associated with many City programs and services. Transit fares, recreation program fees and the stormwater program charge are three examples. Council establishes fees via by-law annually. Revenue from enforcement activities (fines) are also accounted for here.

**Why it is important:** User charges contribute significantly to covering service costs. User charges are the second-largest source of City revenue in 2023.

**Change between 2023 and 2022:** User charge revenue recovered further from the impacts of COVID-19 in 2023, including transit fares (\$21.2 million), recreation program registrations (\$4.6 million), facility rentals and concessions (\$3.8 million), fines (\$2.5 million), stormwater fees (\$1.8 million), and golf green fees (\$1.4 million). These increases were offset by decreases in building fees (\$4.8 million) and site plan applications (\$2.9 million).

**Variance between 2023 actuals and 2023 budget:** While the change between 2022 and 2023 was positive, user charge revenue still fell short of budgeted amounts, highlighting the pandemic-related gaps that persist. The largest deficits are from recreation program fees (\$3.9 million), facility rentals and concessions (\$3.7 million), parking fines (\$16.3 million), Provincial Offences Administration fines (\$4.0 million), site plan applications (\$1.5 million), and various other user charges (\$0.9 million). These were offset by positive transit fares (\$5.9 million).

## 5. Recoveries from Third Parties

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
105,191	161,883	34,696	56,692	53.9%	127,187	366.6%

**What it is:** As part of regular operations, the City will pay for services or work that will be reimbursed by a third party. The City will then invoice the third party for any incurred costs. For example, if the City and the Region of Peel were working together on a capital project (e.g., road construction) and the City handled all of the payments for the project, the City would then invoice the Region for their portion of the costs.

**Why it is important:** The City performs work and provides services on behalf of third parties such as the Region of Peel, Metrolinx or an insurance company. Any work performed on behalf of third parties is recoverable by the City.

**Change between 2023 and 2022:** The increase over 2022 relates to the timing of recovery for capital projects, primarily respecting funding from the federal government of \$77.6 million (2022 \$6.4 million), funding from the provincial government of \$52.4 million (2022 \$6.2 million) and other external recoveries of \$24.4 million (2022 \$11.4 million). These increases were offset by a decrease in recoveries from other municipalities of \$7.6 million (2022 \$17.8 million).

**Variance between 2023 actuals and 2023 budget:** The variance versus budget relates to timing, both of incurring the recoverable expenses and the recovery of those expenses.

## 6. Funding Transfers from Other Governments

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
2,011	3,638	37,067	1,857	92.3%	(33,199)	(89.6%)

**What it is:** The City receives grants and funding from other levels of government for many types of services and initiatives.

**Why it is important:** While these transfers represent a small portion of the overall City revenue, it is valuable revenue that helps pay for City programs and services. During 2022, the provincial and federal governments provided funding to municipal governments through the Safe Restart and COVID-19 Recovery Funding for Municipalities funding programs. These programs have now concluded.

**Change between 2023 and 2022:** The year-over-year change primarily relates to the end of the Safe Restart and COVID-19 Recovery Funding for Municipalities funding programs, and the Ontario Summer Games funding that was received in 2022.

**Variance between 2023 actuals and 2023 budget:** The variance versus budget relates primarily to the timing of the budgeted transfers.

## 7. Development and Other Contributions Applied

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
201,958	138,026	100,368	(63,932)	(31.7%)	37,658	37.5%

**What it is:** When Development Charges and Other Contributions are initially received, they are held as deferred revenue in obligatory reserve funds. Then, when the corresponding capital or operating related expenses are incurred, the deferral ends and the reserved dollars are brought into the revenue stream.

**Why it is important:** Development and other contributions help fund capital projects that deliver front-line services to residents, visitors and businesses.

**Change between 2023 and 2022:** In 2023, \$148.5 million was applied from obligatory reserve funds to fund operating and capital expenses (2022 \$88.5 million). Discretionary reserve fund receipts in 2023 had a deficit of \$10.5 million,

representing \$0.2 million in direct contributions which was offset by a transfer of \$12.0 million in development levies to Deferred Revenue – General (2022 \$13.4 million). The 2022 balance primarily related to a reclassification of parking meter revenue of \$8.8 million from obligatory reserve funds to discretionary reserve funds, triggering revenue recognition.

**Variance between 2023 actuals and 2023 budget:** Actual capital and operating expenses funded through obligatory reserve funds were lower than the budgeted amount due to the timing of capital project works and contracts.

## 8. Investment Income

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
26,587	39,755	36,374	13,168	49.5%	3,381	9.3%

**What it is:** Investment income represents the annual net return on investment for the City funds portfolio, and recognized in the City’s operating budget and discretionary reserve funds. Investment income earned on obligatory reserve fund balances is recognized as a receipt in those funds, and ultimately recognized as development and other contributions applied revenue when the income is applied against capital projects.

**Why it is important:** Investment income reduces the overall impact on the City’s tax levy, and increases the balances held in reserve funds to help fund capital projects.

**Change between 2023 and 2022:** The increase in investment income is due to higher investment and interest rates.

**Variance between 2023 actuals and 2023 budget:** The variance versus budget relates to higher-than-expected investment returns due to higher interest rates.

## 9. Penalties and Interest on Taxes

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
10,110	17,152	14,825	7,042	69.7%	2,327	15.7%

**What it is:** This revenue results from penalties and interest charged on overdue property tax accounts.

**Why it is important:** Penalties and interest on taxes help to offset any costs associated with untimely property tax payments.

**Change between 2023 and 2022:** Penalty and interest revenue is dependent on taxpayer payment activities and varies annually based on the amount of taxes outstanding and length of arrears. In 2023, penalty and interest charges trended higher due to an increase in overdue taxes of \$22,949 over 2022.

**Variance between 2023 actuals and 2023 budget:** The variance versus budget is mainly due to an increase in taxpayers' inability to make property tax payments on time. Interest is added the day after the defaulted payment and then on the first of each month until paid in full.

## 10. Contributed and Assumed Assets

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
0	60,379	75,591	60,379	100.0%	(15,212)	(20.1%)

**What it is:** This revenue category includes assets assumed by the City (e.g., land under roads, land under infrastructure and general infrastructure) through development agreements.

**Why it is important:** Contributed assets are part of the City's capital infrastructure, but developers have paid for these assets through their development agreements.

**Change between 2023 and 2022:** Contributed assets vary from year to year depending on the agreements reached and the timing of asset transfer to the City.

**Variance between 2023 actuals and 2023 budget:** The entire amount in this category shows as surplus because this category is not included in the budget.

## 11. Other

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
(595)	1,011	3,949	(1,606)	(269.9%)	(2,938)	(74.4%)

**What it is:** This is miscellaneous and one-time revenue received by the City.

**Why it is important:** Other revenue helps fund City programs and services.

**Change between 2023 and 2022:** This value routinely fluctuates due to the category’s miscellaneous nature. This revenue is generally one-time revenue and is not expected to be sustained.

**Variance between 2023 actuals and 2023 budget:** A variance is always likely, due to the miscellaneous nature of the category.

**12. City’s Share of Net Income in Enersource Corporation**

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
25,000	35,861	15,890	10,861	43.4%	19,971	125.7%

**What it is:** The City is a 90 per cent shareholder in Enersource Corporation. This number represents 90 per cent of Enersource’s bottom line as at December 31 (using the modified equity basis of accounting). Enersource, in turn, is a 29.57 per cent owner of Alectra Inc.

**Why it is important:** The investment in Enersource generates an annual dividend that helps to fund City operations and moderate the property tax rate.

**Change between 2023 and 2022:** The City has 90 per cent ownership in Enersource Corporation and therefore applies 90 per cent to Enersource’s shareholders’ equity. The change in year-over-year shareholders’ equity is in the Investment in Enersource Corporation balance reported on the City’s Consolidated Statement of Financial Position. Alectra earnings in 2023 improved, which translated into higher net income for Enersource Corporation and a higher share of net income for the City. An ‘other comprehensive income’ loss of \$292,000 was backed out of net revenue and reported as a remeasurement gain/(loss) on the City’s Consolidated Statement of Financial Position as per new accounting standards.

**Variance between 2023 actuals and 2023 budget:** The variance between actuals and budget relates to a lower forecasted budget versus actual earning in the year.

## Expenses

Total expenses were \$1.08 billion in 2023 (\$1.01 billion in 2022), which is an increase of \$70.3 million over the 2022 value.

ITEM (\$000s)	REF. #	2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
Salaries, Wages and Employee Benefits	1	616,499	622,024	574,880	5,525	0.9%	47,144	8.2%
Long-term Debt Interest and Fees	2	7,316	5,034	5,676	(2,282)	(31.2%)	(642)	(11.3%)
Materials and Supplies	3	82,502	76,351	83,429	(6,151)	(7.5%)	(7,078)	(8.5%)
Contracted Services	4	75,158	109,017	104,659	33,859	45.1%	4,358	4.2%
Rents and Financial Expenses	5	82,280	87,584	78,151	5,304	6.4%	9,433	12.1%
External Transfers to Others	6	5,824	5,872	14,880	48	0.8%	(9,008)	(60.5%)
(Gain)/Loss on Disposal of Tangible Capital Assets	7	0	10,723	(40)	10,723	0.0%	10,763	(26,907.5%)
Amortization of Tangible Capital Assets	8	161,961	165,679	150,173	3,718	2.3%	15,506	10.3%
Accretion of Asset Retirement Obligations	9	0	417	366	417	0.0%	51	13.9%
(Gain)/Loss on Disposal of Asset Retirement Obligations	10	0	34	260	34	0.0%	(226)	(86.9%)
<b>Total Expenses</b>		<b>1,031,540</b>	<b>1,082,735</b>	<b>1,012,434</b>	<b>51,195</b>	<b>5.0%</b>	<b>70,301</b>	<b>6.9%</b>



## COMMENTARY:

## 1. Salaries, Wages and Employee Benefits

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
616,499	622,024	574,880	5,525	0.9%	47,144	8.2%

**What it is:** This figure represents salary, wage and benefit costs for all full-time, part-time and contract employees, plus the current year impacts for actuarial benefits assessment of Workplace Safety and Insurance Board (WSIB), sick leave, disability benefits and post-retirement benefits.

**Why it is important:** Staff are the number one resource required to deliver City services, and correspondingly represent the largest category of expenses for the organization.

**Change between 2023 and 2022:** This increase was primarily due to labour contract range progressions, pay adjustments and increased benefit costs (\$32.7 million) and PSAB-related actuarial benefit liabilities (\$13.0 million) which includes a new expense for the City's self-insured, long-term disability program (\$8.4 million).

**Variance between 2023 actuals and 2023 budget:** Increases in PSAB-related actuarial benefit liabilities and non-tangible capital asset labour, offset by decreases in salary, wage and benefit costs due to labour gapping, were the primary reasons for the variance.

## 2. Long-Term Debt Interest and Fees

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
7,316	5,034	5,676	(2,282)	(31.2%)	(642)	(11.3%)

**What it is:** This figure represents all debt management and interest fees associated with the City's debt.

**Why it is important:** Debt is a critical source of funding for capital projects. This category fully accounts for these financing costs.

**Change between 2023 and 2022:** There was no debt issuance in 2023, which resulted in slightly lower interest expenses in 2023 than in 2022.

**Variance between 2023 actuals and 2023 budget:** The City’s 2023 Budget assumed there would be a debt issuance. However, the issuance did not occur due to the Region of Peel dissolution discussions and stable cash balances.

**3. Materials and Supplies**

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
82,502	76,351	83,429	(6,151)	(7.5%)	(7,078)	(8.5%)

**What it is:** Materials and supplies include vehicle fuel and all other general operational materials and supplies needed for service and program delivery.

**Why it is important:** Materials and supplies keep day-to-day services running without interruption.

**Change between 2023 and 2022:** The decrease is primarily the result of decreased diesel fuel costs (\$5.4 million), vehicle supplies (\$2.4 million), and maintenance costs (\$3.6 million). Increases and decreases in other material and supplies accounted for the balance of the change.

**Variance between 2023 actuals and 2023 budget:** The variance is largely due to the decrease in the price of diesel fuel (\$5.9 million) and general operating supplies (\$4.0 million), offset by higher maintenance costs (\$1.9 million).

**4. Contracted Services**

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
75,158	109,017	104,659	33,859	45.1%	4,358	4.2%

**What it is:** The City sets contracts with third parties for professional services, maintenance contracts (e.g., snow removal), and project management services.

**Why it is important:** Contracted services can bring expertise to the City that staff alone may not have, or that the City needs only intermittently.

**Change between 2023 and 2022:** The increase is due to higher, non-TCA capital budget costs (\$4.9 million), offset by ARO disposals (\$0.2 million).

**Variance between 2023 actuals and 2023 budget:** The large increase in actual costs versus budget relates to higher-than-budget contractor costs (\$1.2 million) and non-tangible capital assets capital costs which are not included in the budget (\$32.8 million), offset by ARO disposals (\$0.2 million).

**5. Rents and Financial Expenses**

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
82,280	87,584	78,151	5,304	6.4%	9,433	12.1%

**What it is:** This category includes many different types of financially related expenses, including rent, staff development, communications costs, occupancy-related costs, insurance costs, banking costs and equipment and maintenance costs.

**Why it is important:** These expenses represent the overhead-type costs that help support City services and programs.

**Change between 2023 and 2022:** The increase is due to internal recovery costs (\$8.5 million), equipment and maintenance costs (\$2.1 million), related capital budget costs expensed (\$1.2 million), finance costs (\$0.8 million), and staff development costs (\$0.7 million), offset by a decrease in PSAB-related liabilities (\$4.3 million).

**Variance between 2023 actuals and 2023 budget:** The variance is mainly due to increases in related capital budget costs that were expensed and not budgeted (\$8.7 million), finance/insurance charges (\$3.2 million) and occupancy costs (\$1.3 million). These increases were offset by decreases in equipment and maintenance costs (\$2.5 million), PSAB liability charges (\$3.1 million) and other costs such as staff development, advertising, promotions and internal recoveries (\$2.7 million).

## 6. External Transfers to Others

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
5,824	5,872	14,880	48	0.8%	(9,008)	(60.5%)

**What it is:** The City provides defined grants and funding to third parties who contribute to supporting the City's vision and objectives.

**Why it is important:** These third-party organizations are able to leverage City grants, multiplying the money's effectiveness with their organization, community and volunteer support.

**Change between 2023 and 2022:** The decrease is due to a one-time, \$9.9 million grant in 2022 towards the development of a new long-term care home in the City, offset by an increase of other grants of \$0.9 million.

**Variance between 2023 actuals and 2023 budget:** There was a minor difference between actual and budget.

## 7. (Gain)/Loss on Disposal of Tangible Capital Assets

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
0	10,723	(40)	10,723	0.0%	10,763	(26,907.5%)

**What it is:** From time to time, the City sells assets or disposes of assets no longer in use. When the asset's net book value exceeds the sale price, a loss is incurred. When the sale price exceeds the asset's net book value, a gain is realized.

**Why it is important:** Proceeds from the sale of capital assets can be used to fund new projects or asset purchases.

**Change between 2023 and 2022:** (Gain)/loss on disposal of assets varies from year to year depending on the identification and disposal of assets.

**Variance between 2023 actuals and 2023 budget:** The full amount shows as a deficit against budget because (gain)/loss on disposal of assets is not a budgeted item.

## 8. Amortization of Tangible Capital Assets

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
161,961	165,679	150,173	3,718	2.3%	15,506	10.3%

**What it is:** Capital assets decline in value over time as they are used. Each year, a portion of their cost is reflected in the financial statements as amortization expense. The amount of amortization expensed each year is determined by the estimated useful life of each asset class.

**Why it is important:** Amortization allows the net value of assets (vs. their cost value) to be represented on the financial statements.

**Change between 2023 and 2022:** The total amortization amount increases as the City continues its investment in capital projects. Offsets to this increase in amortization will occur as capital assets are disposed of at the end of their useful life.

**Variance between 2023 actuals and 2023 budget:** Actual amortization was slightly higher than budget. The amortization budget was based on projected tangible capital asset inventory balances.

## 9. Accretion of Asset Retirement Obligations

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
0	417	366	417	0.0%	51	13.9%

**What it is:** The City has legal obligations associated with the retirement from service of buildings, equipment, and lease agreements. The City recognizes obligations to retiring tangible capital assets from service in the period in which the obligation arises, which is typically upon acquisition or development of the asset, or when a reasonable estimate of the obligation can be made. Accretion represents the expense associated with the increase in asset retirement liability obligations.

**Why it is important:** There is a legal obligation to incur retirement costs in relation to a tangible capital asset. For example, when the past transaction or event gives rise to the liability that has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. Accretion expenses help build up the liability for future remediation of the impaired asset.

**Change between 2023 and 2022:** Asset retirement obligation accounting was first reported by the City in 2023, along with a prior-year restatement. There were immaterial changes in the liability from 2022 to 2023.

**Variance between 2023 actuals and 2023 budget:** Due to the new accounting standards and reporting obligation in 2023, a budget could not be determined until the review was completed.

#### 10. (Gain)/Loss on Disposal of Asset Retirement Obligations

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	\$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	\$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
0	34	260	34	0.0%	(226)	0.0%

**What it is:** Asset retirement obligations (ARO) are recognized when a legal obligation exists to remediate an asset. When an asset is remediated, any costs that exceed the liability estimate flow through the Consolidated Statement of Operations.

**Why it is important:** This category reflects the financial impacts resulting from changes in the ARO liability from year to year.

**Change between 2023 and 2022:** The (gain)/loss on disposal of ARO will fluctuate based on the remediation activity undertaken by the City in a given year.

**Variance between 2023 actuals and 2023 budget:** Asset retirement obligations are a new reporting requirement for 2023, therefore no budget was recorded nor any variances therein.

### **Consolidated Statement of Change in Net Financial Assets**

The Consolidated Statement of Change in Net Financial Assets/(Net Debt) starts with the annual surplus/(deficit) and identifies changes in non-financial assets (i.e., tangible capital asset acquisition, amortization) that will use or add to the surplus amount to derive a net change in financial assets.

### **Consolidated Statement of Cash Flows**

The Consolidated Statement of Cash Flows reports changes in cash resulting from operations. It shows how the City financed its activities during the year and met its cash requirements.