
Consolidated financial statements of The Corporation of the City of Oshawa

December 31, 2025

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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, 2025, and the consolidated statements of operations, change in net financial assets, remeasurement gains and losses, 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, 2025, 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.

The logo for Deloitte LLP, featuring the word "Deloitte" in a stylized script font followed by "LLP" in a clean, sans-serif font.

Chartered Professional Accountants
Licensed Public Accountants
June 25, 2026

The Corporation of the City of Oshawa
Consolidated statement of financial position
As at December 31, 2025

	Notes	2025 \$	2024 \$
Financial assets			
Cash and cash equivalents		152,151,776	185,909,070
Investments	3	106,019,151	109,074,677
Taxes receivable		34,529,169	25,248,147
Accounts receivable		13,216,702	11,247,135
Other assets		101,000	100,000
Investment in Oshawa Power and Utilities Corporation	4	91,465,400	86,239,400
		397,483,198	417,818,429
Liabilities			
Accounts payable and accrued liabilities		43,662,184	46,839,509
Deferred revenue	5	137,398,812	153,458,597
Employee future benefits and other liabilities	6	50,647,500	50,115,200
Long-term liabilities	7	22,198,201	27,973,688
Liability for contaminated sites	8	3,150,000	2,860,000
Asset retirement obligation	9	2,464,253	2,464,253
		259,520,950	283,711,247
Net financial assets		137,962,248	134,107,182
Non-financial assets			
Tangible capital assets	11	724,007,592	693,145,275
Inventory and prepaid expenses		5,128,865	4,952,764
		729,136,457	698,098,039
Accumulated surplus			
Accumulated surplus	12	866,644,305	832,205,221
Accumulated remeasurement gains		454,400	—
		867,098,705	832,205,221

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, 2025

	Budget	2025	2024
	\$	\$	\$
Notes			
	(Note 19)		
Revenue			
Property taxation	180,809,100	181,095,672	167,160,537
Taxation from other governments	3,700,000	3,947,096	3,725,679
User charges	29,981,500	29,438,963	28,521,778
Government grants	311,200	3,234,037	5,238,511
Contributions from developers – earned	34,488,000	26,384,491	24,137,251
Revenue recognized on assumed tangible capital assets	4,704,000	4,704,048	29,320,617
Canada Community Building Fund	6,984,000	5,554,888	6,648,689
Investment income	8,617,300	8,705,446	11,245,747
Penalties and interest on taxes	4,050,000	5,241,040	4,012,687
Licenses and permits	5,854,900	5,268,925	6,880,192
Fines	2,289,300	2,045,769	2,138,565
Earnings Oshawa Power and Utilities Corporation	4 1,200,000	6,426,000	2,880,000
Other	3,274,000	4,236,010	3,351,108
	286,263,300	286,282,385	295,261,361
Expenses			
General government	15 54,701,700	53,154,456	49,070,424
Protection to persons and property	60,703,400	61,515,890	51,812,565
Transportation services	49,446,400	46,819,444	45,355,285
Environmental services	12,609,200	15,434,417	12,586,769
Health services	755,600	737,743	560,365
Social and family services	2,333,400	2,363,000	2,259,983
Recreation and cultural services	62,869,700	67,061,199	62,440,890
Planning and development services	5,121,000	4,757,152	3,875,837
	248,540,400	251,843,301	227,962,118
Annual surplus	37,722,900	34,439,084	67,299,243
Accumulated surplus, beginning of year	832,205,221	832,205,221	764,905,978
Accumulated surplus, end of year	869,928,121	866,644,305	832,205,221

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, 2025

	2025	2024
	\$	\$
Annual surplus	34,439,084	67,299,243
Unrealized gain from the statement of remeasurment gains and losses	454,400	—
Amortization of tangible capital assets	30,626,644	29,459,395
Acquisition of tangible capital assets net of transfers from work-in progress	(61,568,669)	(83,263,015)
Loss on disposal/write down of tangible capital assets	79,708	14,078
Change in inventory and prepaid expenses	(176,101)	(67,855)
Increase in net financial assets	3,855,066	13,441,846
Net financial assets, beginning of year	134,107,182	120,665,336
Net financial assets, end of year	137,962,248	134,107,182

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

The Corporation of the City of Oshawa

Consolidated statement of remeasurement gains and losses

Year ended December 31, 2025

	Notes	2025 \$	2024 \$
Accumulated remeasurement gains/(losses), beginning of year		—	—
Unrealized loss attributed to:			
Investments - Principal protected notes	3	454,400	—
Remeasurment gain for the year		454,400	—
Accumulated remeasurement gains, end of year		454,400	—

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, 2025

	2025 \$	2024 \$
Operating activities		
Annual surplus	34,439,084	67,299,243
Items not involving cash		
Amortization	30,626,644	29,459,395
Loss on disposal/write down of tangible capital assets	79,708	14,078
Assumed assets recognized as revenue	(4,704,048)	(29,320,617)
Net earnings of Oshawa Public Utilities Corporation	(6,426,000)	(2,880,000)
Net change in non-cash working capital		
Taxes receivable	(9,281,022)	(5,678,377)
Accounts receivable	(1,969,567)	(4,403,851)
Other Assets	(1,000)	—
Accounts payable and accrued liabilities	(3,177,325)	7,237,138
Deferred revenue	(16,059,785)	(7,696,084)
Employee future benefits and other liabilities	532,300	(322,874)
Inventory and prepaid expenses	(176,101)	(67,855)
	23,882,888	53,640,196
Capital activity		
Acquisition of tangible capital assets	(56,864,621)	(53,942,398)
Contaminated Sites Liability	290,000	—
	(56,574,621)	(53,942,398)
Financing activity		
Debenture debt retired	(5,775,487)	(6,692,173)
Investing activities		
Net change in investments	3,509,926	(23,762,794)
Dividend received from OPUC	1,200,000	1,200,000
	4,709,926	(22,562,794)
Decrease in cash and cash equivalents	(33,757,294)	(29,557,169)
Cash and cash equivalents, beginning of year	185,909,070	215,466,239
Cash and cash equivalents, end of year	152,151,776	185,909,070

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 - principal protected notes	Fair value
Investments - other	Amortized cost
Taxes receivable	Cost
Accounts receivable	Cost
Accounts payable and accrued liabilities	Cost
Long-term liabilities	Amortized cost

The City's investments in Principle Protected Notes (PPNs) meet the criteria of a financial instrument with an embedded derivative. The standards permit financial instruments containing one or more embedded derivatives to be designated as a hybrid (combined) instrument and carried at fair value. The cumulative change in fair value of these financial instruments is recorded in accumulated surplus as remeasurement gain and losses and is included in the value of the investments presented in the consolidated statements of financial position. Upon disposition of the PPNs, the cumulative remeasurement gains and losses are reclassified to the consolidated statement of operations and accumulated surplus, and all other gains and losses related to the disposition of the PPNs are directly recorded in the consolidated statement of operations and accumulated surplus.

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

1. Significant accounting policies (continued)

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.

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.

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".

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 2025, 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	2025 Total	2024 Total
	\$	\$	\$	\$
Property taxes	61,917,574	206,452,900	268,370,474	250,480,871
Taxation from other governments	—	2,595,616	2,595,616	2,374,450
Total amounts transferred	61,917,574	209,048,516	270,966,090	252,855,321

3. Investments

The City has elected to record its investment in PPN's at fair market value. At year end the cost of the City's investments in PPN's was \$5,000,000 (nil in 2024), and the fair market value was \$5,454,400 (nil in 2024). The fair value of PPN's are based on inputs other than quoted market prices that are observable. The unrealized gain on the City's investment in PPN's for the year was \$454,400 (nil in 2024).

Other investments consisting of guaranteed investment certificates and bonds have an amortized cost of \$100,564,751 (\$109,074,677 in 2024).

4. 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:

	2025	2024
	\$	\$
Balance, beginning of year	86,239,400	84,559,400
Changes during the year		
Total comprehensive income for the year	6,426,000	2,880,000
	92,665,400	87,439,400
Dividend received from OPUC	(1,200,000)	(1,200,000)
	91,465,400	86,239,400

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.

4. 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, 2025 and its operations.

	2025 (000's) \$	2024 (000's) \$
Assets		
Current	50,917	48,634
Capital and intangibles	240,628	237,317
Other	12,710	7,019
	304,255	292,970
Regulatory balances	8,758	8,819
Total assets and regulatory balances	313,013	301,789
Liabilities		
Current	32,352	26,439
Long-term debt	110,090	113,800
Other	74,102	68,914
	216,544	209,153
Shareholders' equity		
Share capital	23,064	23,064
Accumulated other comprehensive loss	400	921
Retained earnings	66,817	61,110
Total equity attributable to the Corporation	90,281	85,095
Non-controlling interests	1,200	1,965
	91,481	87,060
Regulatory balances	4,988	5,576
Total liabilities, equity and regulatory balances	313,013	301,789
Comprehensive income		
Commodity revenue	160,279	151,220
Commodity expenses	(156,529)	(150,328)
Distribution revenue	32,333	30,828
Operating expenses	(22,374)	(21,534)
Other income (expense)	(3,352)	(4,725)
Accumulated other comprehensive loss	(521)	(1,792)
Net movements in regulatory balances, net of tax	(3,410)	(789)
	6,426	2,880

Included in revenue above is \$357,337 (\$357,337 in 2024) for dark fibre services provided. Operating expenses above include \$357,242 (\$351,098 in 2024) paid to the City for net rent at 100 Simcoe Street, Oshawa, ON.

Certain comparative amounts have been revised to reflect updated financial information provided by Oshawa Power and Utilities Corporation, per note 23 of their financial statements.

5. Deferred revenue

Deferred revenue consists of the following:

Continuity of deferred revenue is as follows:

	2025	2024
	\$	\$
Obligatory reserve funds		
Development charges	83,863,004	98,097,813
Parkland cash in lieu	10,737,539	13,515,289
Canada Community Building Fund	7,748,533	7,384,496
Building permits	11,161,525	13,297,579
Community benefit charges	34,020	29,998
Other	23,854,191	21,133,422
	137,398,812	153,458,597

Continuity of deferred revenue is as follows:

	2025	2024
	\$	\$
Balance, beginning of year	153,458,597	161,154,681
Developer contributions collected	4,550,385	11,377,544
Canada Community Building Fund	5,743,815	5,592,848
Building permit surplus		—
Other collections	12,224,505	9,642,069
Interest earned	2,855,177	4,514,133
	25,373,882	31,126,594
Less		
Developer contributions used	20,228,025	21,589,359
Canada Community Building Fund used	5,554,888	6,648,690
Transfer to operating	3,859,057	2,081,040
Building permit used	2,404,430	580,649
General deferred revenue	9,387,267	7,922,940
	41,433,667	38,822,678
Balance, end of year	137,398,812	153,458,597

6. Employee future benefits and other liabilities

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

	2025	2024
	\$	\$
Future payments required to WSIB	7,319,700	7,023,700
Accumulated sick leave benefit plan entitlements	8,870,600	8,680,100
Post employment benefits	34,457,200	34,411,400
	50,647,500	50,115,200

6. 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. The estimated liability reported in these financial statements is based on a full actuarial valuation of the plan completed as of December 31, 2025.

(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 estimated liability reported in these financial statements is based on a full actuarial valuation completed as of December 31, 2025.

(c) Post-employment benefits

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

The estimated liability reported for the period ending December 31, 2025 is based on a full valuation.

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

Discount rate – benefit plans	5.00%
Discount rate – sick leave	4.70%
Future inflation rates	2.00% per annum
Medical benefit cost escalation	6.00% per year reducing to 4.00% after 15 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, 2025	50,115,200
Current period service cost	2,525,200
Amortization of actuarial gains	(931,400)
Interest	1,918,600
Benefits paid	(2,980,100)
Liability for post employment benefits as at December 31, 2025	50,647,500

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

	\$
Accrued benefit obligation	53,293,800
Unamortized actuarial (losses)	(2,646,300)
Liability for post employment benefits and other liabilities	50,647,500

7. 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:

	\$
2026	6,017,445
2027	5,343,940
2028	3,791,037
2029	3,546,780
2030	911,384
Total	19,610,586
Payable in 2031 to 2033	2,587,615
	<u>22,198,201</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 2025 amounted to \$5,775,487 (\$6,692,173 in 2024).
- (d) Interest expense on long-term liabilities in 2025 amounted to \$1,129,725 (\$1,401,968 in 2024).

8. Liability for contaminated sites

The City has recorded an unfunded liability of \$3,150,000 (\$2,860,000 in 2024) 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 2025. At this time, the City does not anticipate obtaining any recoveries in respect of the estimated liability.

9. 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.

9. Asset retirement obligation (continued)

(b) Other obligations (continued)

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

Asset retirement obligation

	Asbestos	Other obligations	Balance at December 31, 2025
	\$	\$	\$
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

10. 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, 2025 is \$7,328,105 (\$8,034,244 in 2024).

	2025	2024
	\$	\$
IFNs to finance capital projects		
Replace Fuel Tanks Oshawa Executive Airport	504,003	570,601
Roof Replacement - Harman Park	2,102,919	2,300,000
Structural Rehabilitation Program	365,725	400,000
Roof Replacement - Jubilee	315,112	344,643
Bunker Gear Storage Rooms - Fire Halls	228,578	250,000
Rose Valley Community Park	865,854	947,000
Greenbriar Park Redevelopment	731,450	800,000
Everglades Park Redevelopment	137,147	150,000
Parks Enhancement Program	457,156	500,000
Pedestrian Bridge - Knights of Columbus Park	576,017	630,000
Replacement of Transponders and Equipment	320,009	350,000
Thornton Road North	724,135	792,000
	7,328,105	8,034,244

11. Tangible capital assets

Tangible capital assets consist of the following:

	2025	2024
	\$	\$
Land	145,940,478	142,622,683
Land improvements	52,828,777	44,047,288
Buildings	122,148,817	117,367,854
Machinery and equipment	16,650,581	17,338,341
Vehicles	16,931,355	13,749,848
Furniture	104,366	161,932
Linear assets	296,031,070	289,087,690
Other assets	3,536,896	4,192,717
	654,172,340	628,568,353
Work-in-progress	69,835,252	64,576,922
	724,007,592	693,145,275

(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 2025 amounted to \$4,704,048 (\$29,320,617 in 2024).

(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.

12. Accumulated surplus

Accumulated surplus consists of the following:

	2025 \$	2024 \$
Operating fund	3,144,973	3,157,533
Capital fund	(3,431,310)	1,458,216
Reserves and reserve funds	131,177,604	133,641,645
Unfunded liabilities	(77,255,701)	(82,972,595)
Net equity in OPUC	91,465,400	86,239,400
Invested in tangible capital assets	724,007,592	693,145,275
Asset Retirement Obligations	(2,464,253)	(2,464,253)
	866,644,305	832,205,221

13. 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 2025 amounted to \$10,617,452 (\$9,673,082 in 2024).

As at December 31, 2025, the OMERS plan with over 665,000 members had a funding deficit of approximately \$1.3 billion.

14. Trust funds

Trust funds administered by the city amounting to \$1,665,857 (\$1,634,660 in 2024) are presented separately in the trust fund statement of financial activities and fund balance and statement of financial position.

15. Expenses by object

The following is a summary of the expenses reported on the consolidated statement of operations by object of expenses:

	2025 \$	2024 \$
Salaries, wages and benefits	143,853,926	130,624,802
Interest on long-term debt	1,129,725	1,460,538
Materials and supplies	62,693,463	54,054,188
Rents and financial expenses	736,569	690,134
Transfer payments	12,802,974	11,673,061
Amortization	30,626,644	29,459,395
	251,843,301	227,962,118

16. 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, 2025 and accordingly no provision has been made in these financial statements for any liability that may result.

17. Commitments

Minimum payments under operating leases for computer equipment as follows:

	\$
2026	673,084
2027	460,163
2028	168,185

18. 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.

19. Budget figures

The budgets originally approved by city council for 2025, 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.

20. Risk Management

The City is exposed to various risks through its financial instruments. The following analysis provides a measure of the City's risk exposure at the Statement of Financial Position date, December 31, 2025.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The City is exposed to credit risk through its cash, investments, and accounts receivable. The City holds cash accounts in federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation and manages credit exposure resulting from the investments by investing in high credit quality instruments, in accordance with the City's Investment Policy. Accounts receivable are monitored based on the age of the amount receivable and historical experience with collections. The City does not have any significant past due receivables. There was no change in exposure from the prior year.

Liquidity risk

Liquidity risk is the risk that the City will not be able to meet its obligations associated with financial liabilities. To reduce liquidity risk, the City maintains liquid reserves such as cash and investments. The City is exposed to this risk mainly with respect to its accounts payable and accrued liabilities, and debenture debt. To manage this risk and ensure there is sufficient liquidity to meet its liabilities when due, the City undertakes extensive budgeting, forecasting, and financial planning exercises for major capital investments, monitors its cash balances and cash flows generated from operations and invests in highly liquid securities that can readily be converted to cash. There was no change in exposure from the prior year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Market risk encompasses a variety of financial risks such as foreign exchange risk, interest rate risk, and commodity price risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The City is subject to interest rate risk through its debt and variable rate investments (bonds and GIC's). There was no change in exposure from the prior year.

(ii) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. There was no change in exposure from the prior year.

21. 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 Performance and 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.

21. 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.

22. Comparative figures

Certain of prior years comparative figures have been reclassified to conform with current years presentation.

The Corporation of the City of Oshawa

Schedule 1 – Consolidated schedule of tangible capital assets

Year ended December 31, 2025

	Land \$	Land improvements \$	Buildings \$	Machinery and equipment \$	Vehicles \$	Furniture \$	Linear assets \$	Other assets \$	Work-in progress \$	2025 Total \$
Balance, beginning of year	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
Additions	3,317,795	11,856,054	12,166,767	2,816,140	5,573,624	—	20,579,959	—	35,792,254	92,102,593
Disposals/write downs	—	(49,217)	(1,022,301)	(24,840)	—	—	(10,272)	(612,728)	(30,533,924)	(32,253,282)
	145,940,478	90,370,100	285,759,557	48,681,870	39,368,881	953,836	580,253,606	13,389,801	69,835,252	1,274,553,381
Balance, beginning of year	—	34,515,975	157,247,237	28,552,229	20,045,409	791,904	270,596,229	9,809,812	—	521,558,795
Amortization expense	—	3,043,875	7,341,084	3,500,174	2,392,117	57,566	13,636,007	655,821	—	30,626,644
Amortization disposal	—	(18,527)	(977,581)	(21,114)	—	—	(9,700)	(612,728)	—	(1,639,650)
	—	37,541,323	163,610,740	32,031,289	22,437,526	849,470	284,222,536	9,852,905	—	550,545,789
	145,940,478	52,828,777	122,148,817	16,650,581	16,931,355	104,366	296,031,070	3,536,896	69,835,252	724,007,592

	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

The Corporation of the City of Oshawa

Schedule 2 – Consolidated schedule of segmented disclosure

Year ended December 31, 2025

	Protection to persons and property \$	Transportation services \$	Recreation and culture \$	Planning and development \$	Environmental services \$	Health and social services \$	General government \$	2025 Total consolidated \$
Expenses								
Salaries and wages	50,957,327	17,064,772	33,542,389	3,380,449	5,818,661	417,316	32,673,012	143,853,926
Debt servicing (interest)	—	—	609,395	—	—	—	520,330	1,129,725
Amortization	1,602,272	13,257,007	8,694,675	6,028	3,653,316	45,337	3,368,009	30,626,644
Other expenses	8,956,291	16,497,665	24,214,740	1,370,675	5,962,440	2,638,090	16,593,105	76,233,006
	61,515,890	46,819,444	67,061,199	4,757,152	15,434,417	3,100,743	53,154,456	251,843,301
External tax revenues	45,199,021	34,400,754	49,273,456	3,495,334	11,340,493	2,278,282	39,055,428	185,042,768
External non-tax revenues	13,969,436	30,485,624	23,693,424	1,530,566	3,248,010	285,293	21,601,264	94,813,617
Net income OPUC	—	—	—	—	—	—	6,426,000	6,426,000
	59,168,457	64,886,378	72,966,880	5,025,900	14,588,503	2,563,575	67,082,692	286,282,385
Annual surplus before transfers	(2,347,433)	18,066,934	5,905,681	268,748	(845,914)	(537,168)	13,928,236	34,439,084

	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