Consolidated Financial Statements of

THE CORPORATION OF THE TOWN OF OAKVILLE

And Independent Auditor’s Report thereon

Year ended December 31, 2025

THE CORPORATION OF THE TOWN OF OAKVILLE

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Town of Oakville (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Town Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Sheryl Ayres
Commissioner, Corporate Services
and Treasurer

Jonathan van der Heiden
Deputy Treasurer and
Director of Finance

June 1, 2026

KPMG LLP
354 Davis Road, Suite 402
Oakville, ON L6J 2X1
Canada
Telephone 905 815 8045
Fax 289 815 0641

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Oakville

Opinion

We have audited the accompanying financial statements of The Corporation of the Town of Oakville (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of operations and accumulated surplus for the year ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of remeasurement losses for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes, including a summary of significant accounting policies and other explanatory information

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025, and its consolidated results of operations, its consolidated changes in net financial assets, its consolidated statement of remeasurement losses and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

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

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

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 Entity’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario

June 1, 2026

THE CORPORATION OF THE TOWN OF OAKVILLE

Consolidated Statement of Financial Position

December 31, 2025, with comparative information for 2024
(In thousands of dollars)

	2025	2024
Financial assets:		
Cash	$ 62,008	$ 101,662
Accounts receivable (note 2):		
Taxes receivable	56,634	44,634
Other	61,186	66,504
Investments (note 3)	938,642	915,172
Investment in Municipal Development Corporation (note 4)	966	167
Investment in Halton Digital Access Services Corporation (note 5)	(62)	(50)
Investment in Oakville Enterprises Corporation (note 6)	338,863	324,179
	1,458,237	1,452,268
Liabilities:		
Accounts payable and accrued liabilities	75,091	80,565
Security deposits	30,100	35,304
Deferred revenue - obligatory reserve funds (note 7)	490,216	474,977
Deferred revenue (note 8)	38,517	35,730
Long-term liabilities (note 9)	142,525	145,011
Contaminated sites (note 10)	238	236
Asset retirement obligation (note 11)	8,318	8,383
Post employment benefit liability (note 12(a))	32,906	33,051
WSIB liability (note 12(b))	11,023	8,475
	828,934	821,732
Net financial assets	629,303	630,536
Non-financial assets:		
Tangible capital assets (note 13)	2,541,686	2,316,456
Prepaid expenses and inventory	8,193	6,315
	2,549,879	2,322,771
Contingent liabilities and guarantees (note 17)		
Accumulated surplus from operations (note 14)	3,182,304	2,955,611
Accumulated remeasurement losses	(3,122)	(2,304)
Total accumulated surplus (note 14)	$ 3,179,182	$ 2,953,307

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

THE CORPORATION OF THE TOWN OF OAKVILLE

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2025, with comparative information for 2024
(In thousands of dollars)

	2025 Budget (note 20)	2025 Actual	2024 Actual
Revenue (note 19):			
Taxation revenue	$ 291,795	$ 295,541	$ 272,104
User fees and charges (note 15)	78,199	74,197	71,503
Government transfers:			
Government of Canada (note 18)	13,295	17,675	19,239
Province of Ontario (note 18)	5,187	15,454	11,173
Other Municipalities	5,690	5,354	4,373
Investment income	26,722	24,474	26,935
Revaluation of finance lease (note 6(a))	–	328	740
Interest on promissory notes from Oakville Enterprises Corporation (note 6(b))	4,622	4,622	4,622
Penalties and interest	4,409	8,123	14,155
Developer contributions and charges earned	85,009	153,166	148,966
Other	394	679	359
Gain on disposal of assets	–	421	925
Equity loss in MDC (note 4)	–	(521)	(526)
Equity loss in HDASC (note 5)	–	(12)	(25)
Equity income in Oakville Enterprises Corporation (note 6)	12,000	27,870	27,776
Total revenue	527,322	627,371	602,319
Expenses (note 19):			
General government	50,818	62,044	59,696
Protection services	64,880	67,701	60,253
Transportation services	104,373	118,661	105,686
Environmental services	7,223	11,822	10,280
Health services	4,115	4,339	4,406
Recreation and cultural services	96,196	107,242	97,217
Planning and development	24,503	28,869	28,020
Total expenses	352,108	400,678	365,558
Annual surplus from operations	175,214	226,693	236,761
Accumulated surplus from operations, beginning of year	2,955,611	2,955,611	2,718,850
Accumulated surplus from operations, end of year (note 14)	$ 3,130,825	$ 3,182,304	$ 2,955,611

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

THE CORPORATION OF THE TOWN OF OAKVILLE

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2025, with comparative information for 2024.
(In thousands of dollars)

	2025 Budget (note 20)	2025 Actual	2024 Actual
Annual surplus	$ 175,214	$ 226,693	$ 236,761
Acquisition of tangible capital assets	–	(280,392)	(268,213)
Amortization of tangible capital assets	50,000	54,650	50,388
Gain on disposal of tangible capital assets	–	(421)	(925)
Proceeds on disposition of tangible capital assets	–	933	3,298
	225,214	1,463	21,309
Acquisition of prepaid expenses and inventory	–	(8,193)	(6,315)
Use of prepaid expenses and consumption of inventory	–	6,315	5,901
	–	(1,878)	(414)
Change in net financial assets	225,214	(415)	20,895
Net financial assets, beginning of year	630,536	630,536	611,493
Accumulated remeasurement loss	–	(818)	(1,852)
Net financial assets, end of year	$ 855,750	$ 629,303	$ 630,536

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

THE CORPORATION OF THE TOWN OF OAKVILLE

Consolidated Statement of Remeasurement Losses

Year ended December 31, 2025, with comparative information for 2024
(In thousands of dollars)

		2025		2024
Accumulated remeasurement losses, beginning of year	$	(2,304)	$	(452)
Unrealized loss on portfolio investments		(299)		–
Other comprehensive loss from Oakville Enterprises Corporation		(519)		(1,852)
Accumulated remeasurement losses, end of year	$	(3,122)	$	(2,304)

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

THE CORPORATION OF THE TOWN OF OAKVILLE

Consolidated Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024
(In thousands of dollars)

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 226,693	$ 236,761
Items not involving cash:		
Amortization	54,650	50,388
Gain on disposal of tangible capital assets	(421)	(925)
Developer contributions of tangible capital assets	(114,165)	(109,360)
Change in contaminated sites liability	2	2
Change in asset retirement obligation	(65)	1,668
Change in post-employment benefit liability	(145)	(71)
Change in WSIB liability	2,548	1,417
Equity income in Municipal Development Corporation	521	526
Equity income in Oakville Enterprises Corporation	(27,870)	(27,776)
Equity income in Halton Digital Access Services Corporation	12	25
Gain on revaluation of OEC capital lease	(328)	(740)
Change in non-cash assets and liabilities:		
Taxes receivable	(12,000)	(7,731)
Other accounts receivable	5,318	(13,769)
Accounts payable and accrued liabilities	(5,473)	20,517
Security deposits	(5,204)	(3,903)
Deferred revenue - obligatory reserve funds	15,239	46,612
Deferred revenue	2,787	(2,200)
Prepaid expenses and inventory	(1,878)	(414)
Net change in cash from operating activities	140,221	191,027
Capital activities:		
Cash used to acquire tangible capital assets	(166,227)	(158,853)
Proceeds of disposition on tangible capital assets	933	3,298
Net change in cash used in capital activities	(165,294)	(155,555)
Investing activities:		
Net change in investments	(23,470)	(33,594)
Unrealized loss on fair value of portfolio investments	(299)	–
Increase in shareholder loan to MDC	(1,320)	(699)
Decrease in direct financing lease receivable from Oakville Enterprises Corporation	794	739
Dividends from Oakville Enterprises Corporation	12,200	6,100
Net change in cash used in investing activities	(12,095)	(27,454)
Financing activities:		
Debt issued	7,000	50,000
Debt principal repayment	(9,483)	(5,268)
Capitalized debt service costs	(3)	(288)
Net change in cash (used in) from financing activities	(2,486)	44,444
Net change in cash	(39,654)	52,462
Cash, beginning of year	101,662	49,200
Cash, end of year	$ 62,008	$ 101,662

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

The Corporation of the Town of Oakville (the “Town”) is a municipality that provides municipal services such as fire, public works, planning, parks and recreation, library, and other general government operations.

1. Significant accounting policies:

The consolidated financial statements of the Town are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Town are as follows:

(a) Basis of consolidation:

(i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees, and local boards accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town except for the Town’s government business enterprises (Oakville Municipal Development Corporation, Halton Digital Access Services Corporation, and Oakville Enterprises Corporation).

These entities and organizations include:

The Oakville Public Library Board
Downtown Oakville Business Improvement Area
Bronte Business Improvement Area
Kerr Village Business Improvement Area

Interdepartmental and inter-organizational transactions and balances between these entities and organizations have been eliminated.

(ii) Oakville Municipal Development Corporation

The Town's investment in Oakville Municipal Development Corporation (“MDC”) is accounted for on a modified equity basis, consistent with Canadian public sector accounting standards as recommended by PSAB for government business enterprises. Under the modified equity basis, MDC’s accounting policies are not adjusted to conform with those of the Town and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of MDC in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from MDC will be reflected as reductions in the investment asset account.

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(iii) Halton Digital Access Municipal Services Corporation

The Town's investment in Halton Digital Access Services Corporations (“HDASC”) is accounted for on a modified equity basis, consistent with Canadian public sector accounting standards as recommended by PSAB for government business enterprises. Under the modified equity basis, HDASC’s accounting policies are not adjusted to conform with those of the Town and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of HDASC in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from HDASC will be reflected as reductions in the investment asset account.

(iv) Oakville Enterprises Corporation

The Town's investment in Oakville Enterprises Corporation (“OEC”) is accounted for on a modified equity basis, consistent with Canadian public sector accounting standards as recommended by PSAB for government business enterprises. Under the modified equity basis, OEC accounting policies are not adjusted to conform with those of the Town and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of OEC in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from OEC will be reflected as reductions in the investment asset account.

(v) Accounting for Region and School Board transactions

The taxation, other revenues, expenses, assets, and liabilities with respect to the operations of Halton Region and the school boards are not reflected in these consolidated financial statements.

(vi) Trust funds

Trust funds and their related operations administered by the Town are not included in these consolidated financial statements.

(b) Basis of accounting:

The Town follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

1. Significant accounting policies (continued):

(c) Government transfers:

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except when, and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(d) Deferred revenue - obligatory reserve funds:

Deferred revenue - obligatory reserve funds represent development charge contributions, building permits fees, payments in lieu of parkland, and government funding, levied or received under the authority of federal and provincial legislation and Town by-laws. These amounts have been collected but the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(e) Deferred revenue:

Deferred revenue represents licenses, permits, grants and other fees which have been collected, but for which the related services or inspections have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(f) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to deferred revenue and forms part of the deferred revenue balance.

(g) Financial instruments and Risk Management:

Financial Instruments are classified into three categories; fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial statement instrument:

Financial Instrument	Measurement
Cash	Amortized cost
Accounts receivable	Amortized cost
Investments – bonds and debentures	Amortized cost
Investments – equity instruments	Fair value
Accounts payable and accrued liabilities	Amortized cost
Long term debt	Amortized cost

1. Significant accounting policies (continued):

(g) Financial instruments and Risk Management (continued):

Unrealized gains (losses) on financial instruments measured at fair value are recognized in the consolidates statement of remeasurement losses until they are realized upon derecognition, when they are transferred to the consolidated statement of operations. Transaction costs in the fair value category are expensed in the period they are incurred.

Financial instruments measured at amortized costs are amortized using the effective interest method. Transaction costs in the amortized cost category are added to the carrying value upon initial recognition.

For financial assets and financial liabilities measured at amortized cost, interest is to be recorded using the effective interest rate (EIR) method. The EIR is the rate that discounts the estimated future cash payments or receipts over the expected life of the financial instrument or, where appropriate, a shorter period.

The fair value of the Town's financial instruments related to cash and accounts receivable approximate their carrying value due to their short-term nature and are measured at cost or amortized cost in the statement of financial position. The fair value of investments is disclosed in note 3.

The Town has exposure to a range of financial risks from its use of financial instruments and these risks include credit risk, liquidity risk and market risk (including foreign currency and interest rate risk). It is management's opinion that the Town is not exposed to significant risk arising from these financial instruments and there have been no significant changes to these risk exposures from 2024.

a) Credit risk:

The Town is exposed to credit related losses through cash, accounts receivable and investments in the event of non-performance by counter parties to the financial instruments. Credit risk is minimized by dealing with reputable financial institutions. Accounts receivables are recognized net of any allowances for doubtful accounts and the Town does not have any significant past due accounts receivable. The Town manages the credit risk on investments through its established credit quality requirements of its investments.

b) Liquidity risk:

Liquidity risk is the risk that the Town will be unable to meet all cash outflow obligations as they come due. Liquidity risk is minimized by maintaining strong liquidity from adequate levels of cash and investments as well as monitoring cash activities and through cash flow forecasting.

1. Significant accounting policies (continued):

(g) Financial instruments and Risk Management (continued):

c) Market risk:

Market risk is the risk that changes in market price such as foreign exchange rates, interest rates and other price risks will affect the annual surplus or the fair value of financial instruments. The Town is not significantly exposed to foreign currency risk due to amounts held in foreign currency to be nominal. Interest rate risk is minimized through a diversified investment portfolio and long-term liabilities have fixed rates of interest and are intended to be held to maturity.

(h) Taxation revenue:

Property taxes and property taxes receivable are recognized as revenue when they meet the definition of an asset, the tax is authorized, and the taxable event has occurred. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property taxation (after the return of the annual assessment roll used for billing purposes). The Town may receive supplementary assessment rolls over the course of the year from the Municipal Property Assessment Corporation (MPAC), identifying new or omitted assessments. Property taxes for these supplementary and/or omitted amounts are then billed according to the approved tax rate for the property class.

(i) User fees:

User charges are paid by anyone using fee-based programs and services offered by the Town, regardless of their status as a taxpayer. User fees are generally charged when services offered by the Town benefit specific individuals instead of the community as a whole. User fees include transit fares, parking revenues, attendance at recreation programs, various licenses, and building permits. User charges are recognized when earned and measurable.

(j) Investments:

Investments, excluding equity instruments, consist of bonds and debentures and are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss. Equity instruments are recorded at fair value. Changes in unrealized gains and losses are recorded in the consolidated statement of remeasurement gains (losses).

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1. Significant accounting policies (continued):

(k) Net investment in direct financing leases receivable:

Investment income related to the Town's net investment in direct financing leases is recognized in a manner that produces a constant rate of return on investment. The investment in the leases is composed of net minimum remaining lease payments net of unearned investment income.

(l) Post-employment benefits:

(i) The Town provides certain employee benefits which will require funding in future periods. These benefits include long-term disability benefits under the Workplace Safety and Insurance Board ("WSIB") Act, and extended health and dental benefits for early retirees.

The costs of long-term disability, benefits under the Workplace Safety and Insurance Board Act and extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, earned days accumulated for certain employees payable at retirement, health care cost trends, long term inflation rates and discount rates.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as service payments and health and dental benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

(ii) For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

(iii) The costs of multi-employer defined benefit pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period. OMERS has been accounted for as a defined contribution plan since it is a multi-employer plan.

(m) 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):**

(m) Non-financial assets (continued):

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes 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, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	3 - 100
Buildings	10 - 75
Equipment	3 - 19
Vehicles	3 - 18
Roads Network	10 - 100
Environmental Network	10 - 100
Communications and Technology Services	3 - 8

Annual amortization is charged in the year of acquisition and in the year of disposal. Work-in-progress assets are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and recognized as revenue.

(iii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

(iv) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recognized as assets in these consolidated financial statements.

(v) Interest capitalization:

The Town does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

1. Significant accounting policies (continued):

(m) Non-financial assets (continued):

(vi) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(vii) Inventories of supplies:

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

(n) Sinking funds:

Sinking funds and their related operations are administered by Halton Region and, as such, are not included in these consolidated financial statements.

(o) Contaminated sites:

Contamination is a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is estimated based upon information that is available when the financial statements are prepared. It is based upon the costs directly attributable to the remediation activities required using a present value measurement technique. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

(i) an environmental standard exists

(ii) contamination exceeds the environmental standard

(iii) the Town is directly responsible or accepts responsibility

(iv) it is expected that future economic benefits will be given up; and

(v) a reasonable estimate of the amount can be made.

1. Significant accounting policies (continued):

(p) Asset retirement obligations:

A liability for an asset retirement obligation is recognized when 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.

A liability for an asset retirement obligation is recognized when 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 Town reports liabilities related to legal obligations where the Town is obligated to incur costs to retire a tangible capital asset. An asset retirement obligation liability has been recorded for activities to fulfill the retirement of obligations identified based on estimates for the extent and costs directly attributable to asset retirement activities. As at December 31, 2025, all liabilities for asset retirement obligations are reported at current cost without discounting. In subsequent years, the liability is adjusted for changes resulting from the passing of time and revisions to either the timing or amount of the original estimate of undiscounted cash flow associated with the retirement obligation.

A significant part of the asset retirement obligation results from the removal and disposal of soil contaminants from past land contamination and designated substances such as asbestos from the Town's buildings.

The tangible capital assets affected by the obligations are amortized in accordance with the accounting policies outlined in note 1(m)(i). The liability associated with settlement of the obligations are amortized in accordance with the useful life of the related assets.

(q) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and the contaminated sites liability, estimates of useful lives of tangible capital assets, and in performing actuarial valuations of post-employment benefits liability and WSIB liability. Actual results could differ from these estimates.

(In thousands of dollars)

2. Accounts receivable:

Taxes receivable are reported net of a valuation allowance of $275 (2024 - $375). There is also a valuation allowance for general accounts receivable of $2,702 (2024 - $1,638).

3. Investments:

Investments reported on the consolidated statement of financial position have a carrying value of the following and market values of $944,050 (2024 - $915,802).

	Measurement Method		2025
Equity instruments	Fair value	$	3,027
Bonds and debentures	Amortized cost		935,615
		$	938,642

	Measurement Method		2024
Equity instruments	Fair value	$	–
Bonds and debentures	Amortized cost		915,172
		$	915,172

(In thousands of dollars)

4. Investment in Oakville Municipal Development Corporation:

Oakville Municipal Development Corporation ("MDC") is owned and controlled by the Town and as a government business enterprise is accounted for on the modified equity basis in these consolidated financial statements. MDC serves to develop properties within the boundaries of the Town.

The following table provides condensed supplementary consolidated financial information for MDC for the year ended December 31:

Financial Position

	2025	2024
Assets:		
Current	$ 366	$ 197
Inventory	76,000	–
Total assets	$ 76,366	$ 197
Liabilities:		
Current	$ 120	$ 30
Shareholder loan	4,205	2,885
Total liabilities	4,325	2,915
Equity:		
Retained earnings (deficit)	$ 72,041	$ (2,718)
Total equity (deficit)	72,041	(2,718)
Total liabilities and equity	$ 76,366	$ 197

Operations

	2025	2024
Revenue	$ 75,280	$ –
Expenses	(521)	(526)
Net income (loss) and change in equity	74,759	(526)
Land transfer eliminated on consolidation	(75,280)	–
Change in investment in MDC	$ (521)	$ (526)

Town of Oakville investment represented by:

	2025	2024
Shareholder loan	$ 4,205	$ 2,885
Accumulated net income (deficit)	72,041	(2,718)
Land transfer eliminated on consolidation	(75,280)	–
Total investment in MDC	$ 966	$ 167

4. Investment in Oakville Municipal Development Corporation (continued):

The Town has provided a shareholder loan to MDC. This shareholder loan has flexible terms of repayment.

Related party transaction and balances:

During the year, the Town of Oakville transferred a parcel of land to the OMDC and OMDC has recognized the land at its estimated fair value of $75,280. As part of the transaction, the Town of Oakville granted the value of the land for nominal consideration and this transaction was eliminated on consolidation.

In addition to the shareholder loan, the following summarizes the Town's related party balances with MDC for the years ended December 31:

	2025	2024
Balances:		
Amounts due from MDC accounts receivable	$ –	$ 11

(In thousands of dollars)

5. Investment in Halton Digital Access Services Corporation:

Halton Digital Access Services Corporation ("HDASC") is owned equally by The Regional Municipality of Halton, The Corporation of the Town of Oakville, The Corporation of the City of Burlington, The Corporation of the Town of Milton, and The Corporation of the Town of Halton Hills. HDASC serves to consolidate the negotiation and provision of licensing and permitting of pole positions within the Halton Region boundary. HDASC was incorporated on June 14, 2023.

The following table provides condensed supplementary consolidated financial information for HDASC for the period ended December 31:

		2025		2024
Financial Position				
Assets:				
Current	$	212	$	260
Capital		1		2
Total assets	$	213	$	262
Liabilities:				
Current	$	23	$	14
Shareholder loan		364		344
Total liabilities		387		358
Equity:				
Deficit		(310)		(252)
Equity portion of shareholder loan		136		156
Total equity		(174)		(96)
Total liabilities and equity	$	213	$	262

(In thousands of dollars)

5. Investment in Halton Digital Access Services Corporation (continued):

		2025		2024
Operations:				
Revenue	$	3	$	6
Expenses		(61)		(131)
Net loss and change in equity		(58)		(125)
Change in investment in HDASC (20%)	$	(12)	$	(25)
Town of Oakville investment represented by:				
Accumulated deficit	$	(62)	$	(50)
Total investment in HDASC	$	(62)	$	(50)

Related party transaction and balances:

The following summarizes the Town's related party balances with HDASC for the years ended December 31:

		2025		2024
Balances:				
Amounts due from HDASC accounts receivable	$	4	$	2

6. Investment in Oakville Enterprises Corporation:

Oakville Enterprises Corporation and its wholly owned subsidiaries (collectively, the "Corporation") is 90% (2024 - 90%) owned and controlled by the Town and as a government business enterprise and is accounted for on the modified equity basis in these consolidated financial statements.

In 2022 the Corporation issued 222 Class B common shares. As part of the terms of the Unanimous Shareholders Agreement, the Corporation provided the 222 Class B common shares a right to put the shares back to the Corporation in exchange for fair market value no earlier than August 2, 2027. This right does not expire until such time that the subscriber of the 222 Class B common shares has either increased their investment in the Corporation beyond 10% or upon delivering three put notices. As at December 31, 2025, the Corporation valued the right at $62,600 (2024 – $60,500). In 2023 the Corporation provided a right to convert 111 Class B common shares into a convertible promissory note. Due to the demand conversion features of the promissory note, the Town’s interest in OEC of 90% has not changed.

(In thousands of dollars)

6. Investment in Oakville Enterprises Corporation (continued):

The Corporation serves as the electrical distribution utility for Oakville's residents and businesses. Other activities of the Corporation, and its subsidiaries, are to provide energy services, energy efficient home comfort equipment and services, billing services, street lighting maintenance services, retro-fit multi-residential buildings to individually metered units and utility related construction and power generation.

The following tables provide condensed supplementary consolidated financial information for OEC and its subsidiaries for the year ended December 31:

	2025	2024
Financial Position		
Assets:		
Current	$ 313,119	$ 283,530
Capital	678,988	545,688
Regulatory balances	20,149	20,287
Total assets	$ 1,012,256	$ 849,505
Liabilities:		
Current	$ 197,753	$ 160,049
Capital lease obligations	37,825	28,305
Promissory notes payable to Town of Oakville	77,029	77,029
Long-term debt	199,685	155,339
Other	189,676	158,987
Regulatory balances	21,717	15,125
Class B common shares	38,850	36,750
Total liabilities	$ 762,535	$ 631,584
Equity:		
Share capital	63,024	63,024
Retained earnings	169,099	151,687
Accumulated other comprehensive income	2,633	3,210
Total equity	234,756	217,921
Non-controlling interest	14,965	–
Total liabilities and equity	$ 1,012,256	$ 849,505

(In thousands of dollars)

6. Investment in Oakville Enterprises Corporation (continued):

		2025		2024
Operations:				
Revenue	$	813,136	$	673,837
Expenses (including income tax provision)		(746,024)		(613,825)
Net movement in regulatory changes (net of tax)		(36,983)		(29,780)
Net income and net movement in regulatory balances		30,129		30,232
Other comprehensive loss		(577)		(2,058)
Total comprehensive income for the year		29,552		28,174
Removal of non-controlling interest		(468)		–
Share issuance costs		(49)		(48)
Dividend paid to Town of Oakville		(12,200)		(6,100)
Change in equity		16,835		22,026
Non-controlling interest's share of comprehensive income		(1,684)		(2,202)
Direct financing lease receivable repayment		(796)		(739)
Revaluation of financing lease		328		740
Change in investment in Oakville Enterprises Corporation	$	14,683	$	19,825
Town of Oakville investment represented by:				
Direct financing leases receivable - note 6(a)	$	17,276	$	17,742
Promissory notes receivable - note 6 (b)		77,029		77,029
Investment in shares of the Corporation		63,024		63,024
Accumulated comprehensive income, net of dividends received		181,534		166,384
Total investment in Oakville Enterprises Corporation	$	338,863	$	324,179
Equity income in Oakville Enterprises Corporation represented by:				
Comprehensive income	$	29,552	$	28,174
Share issuance costs		(49)		(48)
Non-controlling interest’s share		(1,684)		(2,202)
Town’s interest in other comprehensive loss		519		1,852
OEC’s non-controlling interest included in income		(468)		–
Total equity income in Oakville Enterprises Corporation	$	27,870	$	27,776

(In thousands of dollars)

6. Investment in Oakville Enterprises Corporation (continued):

(a) Net investment in direct financing receivable:

The Town has provided a direct financing lease to the Corporation for the property known municipality as 861 Redwood Square. The lease was renegotiated in 2020, and each year is adjusted based on the CPI index with the corresponding change in value being reflected as a gain. The lease expires in December of 2039.

Minimum payments under this lease agreement are as follows:

2026	$	1,776
2027		1,776
2028		1,776
2029		1,776
2030		1,776
Thereafter		15,990
		24,870
Less amount representing interest, imputed at 4.39%		(7,594)
	$	17,276

(b) Promissory notes:

The Corporation issued promissory notes to the Town, effective February 1, 2020, with principal repayment due on February 1, 2030. The Town has the option on one year's prior written notice to the Corporation to revise the maturity date and any of the terms of the promissory notes. At December 31, 2025, the interest rate in effect on the promissory notes was 6% (2024 - 6%). Interest revenue earned from these notes totaled $4,622 (2024 - $4,622).

(In thousands of dollars)

6. Investment in Oakville Enterprises Corporation (continued):

(c) Related party transaction and balances:

The following summarizes the Town's related party transactions and balances with the Corporation for the years ended December 31:

	2025	2024
Transactions:		
Revenue:		
Interest on promissory notes	$ 4,622	$ 4,622
Interest on capital leases	981	1,006
Garage services	419	363
Property taxes	568	595
Tree trimming services	638	404
Other	7	9
Expenses:		
Energy purchases (at commercial rates)	7,667	6,871
Construction/locating	2,464	2,627
Streetlight conversion and maintenance	500	122
Rent	–	557
Balances:		
Amounts due from the Corporation:		
Promissory note receivable	77,029	77,029
Direct financing leases receivables	17,276	17,742
Interest on promissory note	4,622	4,622
Accounts receivable	77	170
Amounts due to the Corporation:		
Accounts payable and accrued liability	1,903	2,635
Capital lease	965	1,061

(d) Contingencies and guarantees of Oakville Enterprises Corporation:

The Corporation has access to a revolving credit facility and a non-revolving credit facility with limits of $200,000 and $25,237, respectively.

The Corporations’ subsidiary, Oakville Hydro Electricity Distribution Inc. has access to a revolving credit facility and a non-revolving credit facility with limits of $30,000 and $18,300, respectively.

The Corporations’ subsidiary, Sunny Shores Finance Co. Inc., has access to a non-revolving term loan in the amount of $25,900.

The Corporations’ subsidiary, East Strathmore Solar Power Limited Partnership, has access to a non-revolving term loan in the amount of $21,725.

(In thousands of dollars)

7. Deferred revenue – obligatory reserve funds:

The deferred revenue – obligatory reserve funds, reported on the consolidated statement of financial position, are made up of the following:

	2024 Total	Receipts applied	Interest applied	Recognized as revenue	2025 Total
Development Charges	$ 285,283	$ 35,958	$ 12,365	$ (38,358)	$ 295,248
Community Benefit Charge	9,662	1,211	390	(126)	11,137
Parkland	94,247	3,943	3,554	(556)	101,188
Gas Tax/CCBF	31,218	9,894	985	(13,733)	28,364
Building Enterprise Reserve (net)	50,859	–	–	(609)	50,250
Building Faster Fund	3,708	9,240	103	(9,022)	4,029
	$ 474,977	$ 60,246	$ 17,397	$ (62,404)	$ 490,216

8. Deferred revenue:

The deferred revenue, reported on the consolidated statement of financial position, is made up of the following:

	Deferred capital revenues	Pre-authorized tax payments	Deferred revenues operations	2025 Total	2024 Total
Balance, beginning of year	$ 6,868	$ 20,177	$ 8,685	$ 35,730	$ 37,930
Development fees	1,518	–	3,029	4,547	8,021
User fees	–	–	30,957	30,957	27,741
Other	–	21,130	–	21,130	20,177
	1,518	21,130	33,986	56,634	55,939
Less:					
Contributions used in operating and capital funds	1,749	20,177	31,921	53,847	58,139
	$ 6,637	$ 21,130	$ 10,750	$ 38,517	$ 35,730

(In thousands of dollars)

9. Long-term liabilities:

(a) The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

		2025		2024
The Town has assumed responsibility for the payment of the principal and interest charges on certain long-term serial debentures issued by Halton Region on behalf of the Town. Maturity dates vary from 2026 to 2035 and interest rates range from 1.1% to 4.8%.	$	67,019	$	67,006
The Town has assumed responsibility for the payment of the principal and interest charges on certain long-term liabilities issued by Halton Region under the Ontario Strategic Infrastructure Financing Authority (OSIFA) for Pine Glen. This debt is being recovered from the Oakville Soccer Club. This debt matures in 2030 and the interest rate is 4.80%.		2,996		3,579
The Town has assumed responsibility for the payment of annual sinking fund deposits on long-term debentures issued by Halton Region on behalf of the Town with a maturity date of April 6, 2045. Annual sinking fund deposit requirements are $1,816. The interest rate on the debentures is 3.15% and is payable in semi-annual instalments of $1,418. The Town's share of the interest earned to date on the sinking fund deposits held by the Region of Halton is $3,816.		71,836		73,653
The Town has entered into a capital lease agreement for the provision of a Geothermal Energy System at one of the Town's community centers. The agreement is with OEC Geo-Exchange Inc., a subsidiary of Oakville Enterprises Corporation. The agreement calls for quarterly payments of $26, has an implicit interest rate of 1.90%, and expires in 2029. The corresponding asset and accumulated amortization are included in Note 13.		965		1,061
		142,816		145,299
Less unamortized debenture financing costs		(291)		(288)
	$	142,525	$	145,011

(In thousands of dollars)

9. Long-term liabilities (continued):

(b) Principal repayments due over the next five years and thereafter are as follows:

2026	$	10,968
2027		11,361
2028		11,002
2029		10,689
2030		10,702
Thereafter		88,094
	$	142,816

The principal repayments include the annual sinking fund deposit requirement of $1,816.

(c) The long-term liabilities in (a) issued in the name of the Town have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(d) Total interest on long-term liabilities which are reported on the consolidated statement of operations amounted to $5,511 (2024 - $5,044). The long-term liabilities bear interest at rates ranging from 1.1% to 4.8%.

(e) The balance of long-term liabilities reported on the consolidated statement of financial position is funded from the following sources:

		2025		2024
Tax levy supported	$	91,299	$	89,306
Development supported		44,942		49,237
Oakville Soccer Club		2,996		3,579
Harbours supported		3,579		3,177
	$	142,816	$	145,299

10. Contaminated sites:

The Town has recognized a liability of $238 (2024 - $236) for remediation of various contaminated sites for which the Town has assumed responsibility from other organizations. The future remediation costs and any post-remediation costs have an estimated undiscounted cost of $250 and have been present valued using a discount rate of 5% (2024 - 5%). Estimates for these costs are based upon quotes provided by experts, the Town's history with similar remediation efforts and/or management's best estimates. The amount of estimated recoveries is $nil.

(In thousands of dollars)

11. Asset retirement obligations:

	2025	2024
Asset retirement obligations, beginning of year	$ 8,383	$ 6,715
Liabilities relieved during the year	(335)	(182)
Liabilities incurred during the year	270	1,850
Asset retirement obligations, end of year	$ 8,318	$ 8,383

As at December 31, 2025, approximately 65% of liabilities for asset retirement obligations pertained to retirement activities legally required for past land contamination, and approximately 35% pertained to the removal and disposal of designated substances from the Town's buildings. The asset retirement obligations are expected to be settled between 2026 and 2045.

12. Employment benefits and other liabilities:

(a) Post employment benefit liability:

The Town pays extended health and dental benefits for early retirees to age 65 as well as for certain employees. The Town recognizes these post-employment costs in the period in which the employees rendered the services. The accrued benefit liability and the expense for the 12 months ended December 31, 2025, were determined by actuarial valuation as at December 31, 2025.

The main actuarial assumptions employed for the valuations are as follows:

(i) Interest (discount rate):

The obligation as at December 31, 2025, of the present value of future liabilities, and the expense for the 12 months ended December 31, 2025, were determined using a discount rate of 4.9% (2024 - 4.6%).

(ii) Medical costs:

Medical costs were assumed to increase at the rate of 6.5% in the first year after the valuation date, reducing linearly to 4.0% after 10 years.

(iii) Dental costs:

Dental costs were assumed to increase at the rate of 4.0% per year.

(In thousands of dollars)

12. Employment benefits and other liabilities:

(a) Post employment benefit liability (continued):

Information about the Town's post employment benefit liability is as follows:

		2025		2024
Accrued benefit obligation, beginning of year	$	24,604	$	23,702
Current service costs		1,056		1,009
Change in obligation from experience		–		13
Plan improvements		291		–
Actuarial loss		(939)		–
Interest on accrued benefit obligation		1,118		1,086
Benefits paid during the period		(1,638)		(1,206)
Accrued benefit obligation, end of year		24,492		24,604
Unamortized actuarial gain		8,414		8,447
Accrued benefit liability, end of year	$	32,906	$	33,051

Included in current year costs is $972 for amortization of the actuarial gain (2024 - $973). The unamortized actuarial gain is amortized over the expected average remaining service life of the employee group which was 13 years.

(b) WSIB:

With respect to responsibilities under provisions of the Workplace Safety and Insurance Board ("WSIB") Act the Town has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. An actuarial estimate of future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements. The most recent actuarial valuation was performed as at December 31, 2022, which includes an estimation of expected costs and payments for 2023, 2024 and 2025, as well as a calculation of the actuarial updates to December 31, 2023, 2024, and 2025. The main actuarial assumptions employed for the valuation are as follows:

(i) Interest (discount rate):

The obligation as at December 31, 2025, of the present value of future liabilities, and the expense for the 12 months ended December 31, 2025, were determined using a discount rate of 5% (2024 - 5%).

(ii) Administration costs:

Administration costs were assumed to be 23% (2024 - 23%) of the compensation expense.

(In thousands of dollars)

12. Employment benefits and other liabilities (continued):

(b) WSIB (continued):

(iii) Compensation expense:

Compensation costs, which include loss of earnings benefits, health care costs, survivor benefits and noneconomic loss awards, were assumed to change at rates ranging from 1% to 3% (2024 - 1% to 3%) depending on the benefit type.

Information about the Town's WSIB liability is as follows:

	2025	2024
Accrued WSIB obligation, beginning of year	$ 13,029	$ 12,277
Current service costs	1,848	1,793
Plan amendments/survivor benefits	1,120	–
Interest on accrued benefit obligation	654	617
Benefits paid during the period	(1,740)	(1,658)
Accrued WSIB obligation, end of year	14,911	13,029
Unamortized actuarial loss	(3,888)	(4,554)
Accrued benefit liability, end of year	$ 11,023	$ 8,475

The unamortized actuarial loss on future payments required to WSIB is amortized over the expected period of the liability which is 10 years (2024 -10 years).

(c) Other pension plans:

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 1,898 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions for employees with a normal retirement age of 65 were being made at a rate of 9.0% for earnings up to the yearly maximum pensionable earnings of $71.3 and at a rate of 14.6% for earnings greater than the yearly maximum pensionable earnings. The amount contributed to OMERS by the Town of Oakville for 2025 was $15,053 (2024 - $14,355). Employee contributions to OMERS for 2025 totaled $15,053 (2024 - $14,355).

The OMERS pension plan is 99% (2024 – 98%) funded, reporting a deficit of $1,300,000 (2024 - $2,900,000) as at December 31, 2025. Plan funding deficits may require additional increases in the contributions by participating employers and members in future years.

(In thousands of dollars)

13. Tangible capital assets:

2025	Land	Land Improve– ments	Buildings	Equipment	Vehicles	Roads Network	Environ– mental Network	Comm & Tech Services	Work in Progress	Total
Asset Cost										
Balance, beginning of year	1,136,976	317,214	406,850	53,291	105,107	695,572	398,704	38,716	129,647	3,282,077
Add: Additions during the year	111,737	14,228	8,819	10,732	30,524	39,999	22,135	1,862	167,254	407,290
Less: Disposals/transfers during the year	(346)	(2,457)	–	(2,104)	(7,886)	(2,852)	300	(1,332)	(126,898)	(143,575)
Balance, end of year	1,248,367	328,985	415,669	61,919	127,745	732,719	421,139	39,246	170,003	3,545,792
Accumulated Amortization										
Balance, beginning of year	–	227,902	156,740	26,035	66,081	339,181	124,882	24,800	–	965,621
Add: Amortization	–	7,243	10,044	4,644	7,928	15,783	5,838	3,170	–	54,650
Less: Accumulated amortization on disposals/transfers	–	(1,870)	(271)	(2,251)	(7,721)	(2,749)	30	(1,333)	–	(16,165)
Balance, end of year	–	233,275	166,513	28,428	66,288	352,215	130,750	26,637	–	1,004,106
Net book value, end of year	1,248,367	95,710	249,156	33,491	61,457	380,504	290,389	12,609	170,003	2,541,686

(In thousands of dollars)

13. Tangible capital assets (continued):

2024	Land	Land Improve–ments	Buildings	Equipment	Vehicles	Roads Network	Environ–mental Network	Comm & Tech Services	Work in Progress	Total
Asset Cost										
Balance, beginning of year	1,033,476	296,356	401,611	44,768	100,598	672,382	374,882	37,282	66,889	3,028,244
Add: Additions during the year	104,705	23,425	5,239	10,073	9,449	25,494	24,254	2,816	157,744	363,199
Less: Disposals/transfers during the year	(1,205)	(2,567)	–	(1,550)	(4,940)	(2,304)	(432)	(1,382)	(94,986)	(109,366)
Balance, end of year	1,136,976	317,214	406,850	53,291	105,107	695,572	398,704	38,716	129,647	3,282,077
Accumulated Amortization										
Balance, beginning of year	–	223,469	146,969	23,417	64,431	325,995	119,596	23,363	–	927,240
Add: Amortization	–	6,589	9,771	4,156	6,590	14,872	5,592	2,818	–	50,388
Less: Accumulated amortization on disposals/transfers	–	(2,156)	–	(1,538)	(4,940)	(1,686)	(306)	(1,381)	–	(12,007)
Balance, end of year	–	227,902	156,740	26,035	66,081	339,181	124,882	24,800	–	965,621
Net book value, end of year	1,136,976	89,312	250,110	27,256	39,026	356,391	273,822	13,916	129,647	2,316,456

(In thousands of dollars)

13. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of $170,003 (2024 - $129,647) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair value at the date of contribution. The value of contributed assets received during the year is comprised of:

	2025	2024
Land	$ 75,572	$ 73,596
Land Improvements	1,375	1,289
Road Network	16,359	16,897
Environmental Network	20,859	17,578
Total	$ 114,165	$ 109,360

(c) Leased assets:

The Town has capital leases included in tangible capital assets as follows:

	Cost	Accumulated Amortization	Net Book Value
Buildings	$ 1,690	$ 306	$ 1,384

(d) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land under roads, cemetery lands and buildings slated for demolition are the only assets where nominal values were assigned.

(e) Works of art and historical treasures:

The Town manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings, and sculptures located at Town sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

(f) Write-down of tangible capital assets:

No tangible capital assets were written down during the year (2024 - $nil).

(In thousands of dollars)

14. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves, and reserve funds as follows:

	2025	2024
Surplus:		
Invested in tangible capital assets	$ 2,541,686	$ 2,316,456
Equity in Oakville Enterprises	338,863	324,179
Equity in Municipal Development Corporation	966	167
Equity in Halton Digital Access Strategy	(62)	(50)
Corporation:		
Unexpended capital and unfinanced capital	183,853	211,035
BIA reserves	665	596
Other	1,251	2,343
Unfunded:		
Contaminated sites	(238)	(236)
Post-employment benefits and WSIB	(43,929)	(41,526)
Asset retirement obligations	(8,318)	(8,383)
Long-term liabilities	(142,525)	(145,011)
	2,872,212	2,659,570
Reserves set aside for specific purposes by Council for:		
Stabilization reserves	101,803	89,798
Capital reserves	144,091	144,938
Operating reserves	11,566	13,188
Equipment reserves	(480)	7,570
	271,903	255,494
Reserve funds set aside for specific purposes by Council:		
Post-employment benefits and WSIB	29,387	27,970
Conservation purposes	254	245
Harbours	(7,238)	(6,258)
Library development	866	975
Building, ground maintenance and replacement	10,905	14,937
Parking	4,015	2,678
	38,189	40,547
Accumulated surplus from operations	3,182,304	2,955,611
Accumulated remeasurement losses	(3,122)	(2,304)
Accumulated surplus	$ 3,179,182	$ 2,953,307

(In thousands of dollars)

15. User fees and charges:

User fees and charges include the following:

	2025	2024
Development fees and miscellaneous	$ 10,869	$ 10,802
Transit revenues	7,917	7,585
Parking, Provincial Offences Act and other fines	10,525	7,646
Town facilities rental and usage fees	14,292	15,264
Recreation and cultural program revenues	15,665	14,459
Cemeteries	871	767
Licenses and permits	14,058	14,980
	$ 74,197	$ 71,503

16. Trust funds:

Trust funds administered by the Town amounting to $7,246 (2024 - $7,107) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

17. Contingent liabilities and guarantees:

(a) Litigation:

The Town has been named as defendant in certain legal actions in which damages have been sought. The exact outcome of these actions is not determinable, as at the date of reporting; however, provisions have been made for those legal actions where it is likely the Town may at some future date be held liable.

(b) Cemeteries Act:

The Cemeteries Act (Revised), R.S.O., 1990, requires the Town to assume ownership and responsibility for the continuing care of pioneer and abandoned cemeteries. However, the Cemeteries Act does not address the issue of funding for this obligation, other than to provide that any assets, funds, and trust accounts, if they exist, become the property of the municipality at the time the ownership is assumed. This potential liability cannot be quantified at this time and no provision has been included in these financial statements.

(c) Project commitments:

The Town has entered into a capital lease agreement for the provision of energy infrastructure for the electrification of the transit fleet. The capital lease payments for the infrastructure are between $1,900 and $5,000 annually over a 20-year period. At December 31, 2025, the payments are included in work in progress and will be recorded as a capital lease once the asset is in production. The Town also entered into an operating agreement for managing the infrastructure which is estimated to be between $2,600 and $3,800 annually until 2044.

17. Contingent liabilities and guarantees (continued):

(d) Guarantees:

In the normal course of business, the Town enters into agreements that meet the definition of a guarantee.

(i) The Town, on occasion, has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements the Town agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.

(ii) The Town has purchased errors and omissions insurance to mitigate the costs of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as an officer, an employee, a volunteer or member of Council, Board, Commission or Committee of the Town. The maximum amount of any potential future payment cannot be reasonably estimated.

(iii) In the normal course of business, the Town, on occasion, has entered into agreements that 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 Town 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 Town 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 Town 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.

(iv) The Town has a credit facility for $99 for the purpose of issuing letters of credit mainly to support requirements of the Department of Fisheries and Oceans Canada, of which $nil has been drawn (2024 - $nil).

(In thousands of dollars)

18. Government and external transfers:

The government transfers reported within the Consolidated Statement of Operations are:

	2025	2024
Revenue:		
Federal Transfers:		
Canada Community Building Fund	$ 11,802	$ 12,804
Investing in Canada Infrastructure Program	4,503	5,811
Active Transportation Fund	755	23
Short-term Rental Enforcement Fund	282	–
Young Canada Works, Canada Summer Jobs	140	115
Canadian Heritage Grant	73	91
Natural Resources Canada	37	108
Canadian Urban Institute	–	73
Economic Development – Tourism Growth	–	59
Green and Inclusive Community Buildings	–	36
Canada Revitalization Fund	–	32
Other	83	87
	17,675	19,239
Ontario Transfers:		
Building Faster Fund	9,022	3,350
Investing in Canada Infrastructure Program	3,760	4,729
Ontario Gas Tax	1,930	2,626
Library	182	182
Housing Enabling Water Systems Fund	182	–
Senior Active Living Centre	165	153
Fire Protection Grant	72	–
Museum	58	57
Experience Ontario	55	55
Other	28	21
	15,454	11,173
Total government transfers	$ 33,129	$ 30,412

(In thousands of dollars)

18. Government and external transfers (continued):

The external transfers reported within the Consolidated Statement of Operations are:

	2025	2024
Expenses:		
Recreational & cultural grants:		
Oakville Galleries operating grant	$ 447	$ 425
Recreational program subsidization	464	426
Theatre groups subsidization	196	190
Oakville Arts Council	100	97
Sport Development grants	35	40
Historical Society	9	9
Oakville Lawn Bowling	3	3
	1,254	1,190
Other:		
Oakville Tourism Partnership	749	795
Heritage grants	166	110
Community assistance grants	24	100
Oakville Marine Search and Rescue	33	33
	972	1,038
Total external transfers	$ 2,226	$ 2,228

(In thousands of dollars)

19. Segmented information:

	2025							
	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning & Development	Total
Revenue:								
Taxation	$ 97,126	$ 53,287	$ 74,193	$ 2,153	$ 194	$ 56,979	$ 11,609	$ 295,541
User fees and service charges	4,178	12,007	19,241	–	871	29,282	8,618	74,197
Federal grants	6	291	14,509	2,549	–	264	56	17,675
Ontario grants	–	72	14,892	–	–	435	55	15,454
Other Municipalities	217	–	4,547	30	–	384	176	5,354
Investment income	24,302	–	–	–	–	161	11	24,474
Revaluation gain on Hydro Lease	328	–	–	–	–	–	–	328
Interest on promissory notes - OEC	4,622	–	–	–	–	–	–	4,622
Penalties and interest	8,123	–	–	–	–	–	–	8,123
Developer contributions and development charges earned	81,571	339	26,153	20,859	–	23,653	591	153,166
Other	200	14	76	–	256	133	–	679
Gain/(loss) on disposal of assets	(83)	49	573	(7)	30	(97)	(44)	421
Equity in MDC	(521)	–	–	–	–	–	–	(521)
Equity in HDASC	(12)	–	–	–	–	–	–	(12)
Equity in OEC	27,870	–	–	–	–	–	–	27,870
	247,927	66,059	154,184	25,584	1,351	111,194	21,072	627,371
Expenses:								
Salaries, wages and benefits	53,240	55,389	48,754	629	519	43,330	12,902	214,763
Debt expense	19	–	491	–	2,820	2,181	–	5,511
Materials	(116)	784	14,231	31	111	8,389	140	23,570
Contracted services	3,838	8,598	26,774	5,592	840	36,059	14,674	96,375
Rents and financial expenses	415	204	211	–	7	472	134	1,443
External transfers	142	207	1,520	–	–	1,583	914	4,366
Amortization	4,506	2,519	26,680	5,570	42	15,228	105	54,650
	62,044	67,701	118,661	11,822	4,339	107,242	28,869	400,678
Annual surplus (deficit)	$ 185,883	$ (1,642)	$ 35,523	$ 13,762	$ (2,988)	$ 3,952	$ (7,797)	$ 226,693

(In thousands of dollars)

19. Segmented information (continued):

	2024							
	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Cultural Services	Planning & Development	Total
Revenue:								
Taxation	$ 83,436	$ 49,104	$ 71,293	$ 1,959	$ 184	$ 52,372	$ 13,756	$ 272,104
User fees and service charges	3,706	10,719	16,685	–	767	29,278	10,348	71,503
Federal grants	160	–	18,583	–	–	255	241	19,239
Ontario grants	24	–	10,696	(14)	–	412	55	11,173
Other Municipalities	192	–	3,647	23	–	336	175	4,373
Investment income	26,727	–	–	–	–	201	7	26,935
Revaluation gain on Hydro Lease	740	–	–	–	–	–	–	740
Interest on promissory notes - OEC	4,622	–	–	–	–	–	–	4,622
Penalties and interest	14,155	–	–	–	–	–	–	14,155
Developer contributions and development charges earned	81,216	339	28,566	17,578	–	20,849	418	148,966
Other	102	13	(204)	1	274	173	–	359
Gain/(loss) on disposal of assets	1,522	97	(71)	(17)	–	(609)	3	925
Equity in MDC	(526)	–	–	–	–	–	–	(526)
Equity in HDASC	(25)	–	–	–	–	–	–	(25)
Equity in OEC	27,776	–	–	–	–	–	–	27,776
	243,827	60,272	149,195	19,530	1,225	103,267	25,003	602,319
,								
Expenses:								
Salaries, wages and benefits	47,208	49,191	45,450	763	473	41,215	11,796	196,096
Debt expense	21	–	392	–	2,850	1,781	–	5,044
Materials	528	488	12,580	45	98	6,391	163	20,293
Contracted services	5,086	8,049	21,509	4,115	941	31,846	14,943	86,489
Rents and financial expenses	2,393	–	146	–	14	409	112	3,074
External transfers	292	43	1,501	–	–	1,433	905	4,174
Amortization	4,168	2,482	24,108	5,357	30	14,142	101	50,388
	59,696	60,253	105,686	10,280	4,406	97,217	28,020	365,558
Annual surplus (deficit)	$ 184,131	$ 19	$ 43,509	$ 9,250	$ (3,181)	$ 6,050	$ (3,017)	$ 236,761

(In thousands of dollars)

20. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2025 operating and capital budgets adopted by Council on December 19, 2024. Amortization was estimated and included in the annual budget approval process. Post employment liabilities were not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the adopted budget to the budget figures reported in these consolidated financial statements.

	Operating	Capital	Budget amount
Revenue:			
Operating budget	$ 486,173	$ –	$ 486,173
Capital budget	–	202,238	202,238
BIAs	2,459	–	2,459
Less:			
Internal revenues and recoveries	(45,991)	–	(45,991)
Transfers from other funds	(10,394)	(107,163)	(117,557)
Total revenue	432,247	95,075	527,322
Expenses:			
Operating budget	486,173	–	486,173
Capital budget	–	202,238	202,238
Amortization	–	50,000	50,000
BIAs	2,459	–	2,459
Less:			
Internal expenses	(45,991)	–	(45,991)
Transfers to other funds	(130,014)	–	(130,014)
Capital expenses	(1,619)	(202,238)	(203,857)
Debt principal payments	(8,900)	–	(8,900)
Total expenses	302,108	50,000	352,108
Annual surplus	$ 130,139	$ 45,075	$ 175,214

21. Comparative information:

Certain comparative figures have been reclassified to conform with current year presentation.