Consolidated financial statements of The Corporation of the City of Burlington

December 31, 2025

Independent Auditor’s Report	1–2
Consolidated statement of operations	3
Consolidated statement of change in net financial assets	4
Consolidated statement of financial position	5
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7–26

Deloitte LLP
Bay Adelaide East
8 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the Corporation of the City of Burlington (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 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, 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 ("PSAS").

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 Consolidated 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 consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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 unless management either intends to liquidate the City to cease operations, or has no realistic alternative but to do so.

Council is 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the 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 the group audit. We remain solely responsible for our audit opinion.

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 23, 2026

The Corporation of the City of Burlington

Consolidated statement of operations

Year ended December 31, 2025

(All amounts are in thousands of dollars)

	Notes	2025 Budget $ (Note 16)	2025 Actual $	2024 Actual $
Revenue				
Taxation		**271,698**	**269,963**	249,802
User fees and charges		**30,712**	**80,128**	55,507
Grants				
Government of Canada		**13,970**	**7,998**	8,140
Province of Ontario		**8,750**	**2,362**	6,084
Contributions from developers		**827**	**6,316**	8,038
Investment income		**5,363**	**11,240**	11,693
(Loss) gain on sale of tangible capital assets		**—**	**(145)**	48
Penalties and interest on taxes		**2,300**	**4,052**	3,556
Donations		**319**	**601**	2,260
Fines and penalties		**12,697**	**13,028**	11,818
Rents and concessions		**7,007**	**7,919**	7,081
Licenses and permits		**11,181**	**8,908**	8,956
Other		**6,597**	**1,488**	2,516
Hydro dividends and interest		**3,832**	**5,525**	3,904
Contributed tangible capital assets		**—**	**—**	1,097
Burlington Enterprises Corporation, net increase in equity	12	**—**	**545**	4,256
		375,253	**419,928**	384,756
Expenses	13			
General government		**63,511**	**67,487**	72,907
Protection to persons and property		**56,464**	**63,267**	60,776
Transportation services		**110,444**	**136,485**	109,352
Environmental services		**10,242**	**5,287**	6,278
Health services		**564**	**636**	554
Recreation and cultural services		**97,764**	**87,233**	86,337
Planning and development		**13,358**	**13,142**	12,224
		352,347	**373,537**	348,428
Annual surplus		**22,906**	**46,391**	36,328
Accumulated surplus, beginning of year		**1,244,973**	**1,244,973**	1,208,645
Accumulated surplus, end of year	11	**1,267,879**	**1,291,364**	1,244,973

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

The Corporation of the City of Burlington

Consolidated statement of change in net financial assets

Year ended December 31, 2025

(All amounts are in thousands of dollars)

	2025 Budget $ (Note 16)	2025 Actual $	2024 Actual $
Annual surplus	**22,906**	**46,391**	36,328
Purchase of tangible capital assets	**(103,523)**	**(81,342)**	(95,278)
Contributed tangible capital assets	**—**	**—**	(1,097)
Amortization	**45,229**	**42,187**	40,368
Loss (gain) on disposal of tangible capital assets	**—**	**145**	(48)
Proceeds on sale of tangible capital assets	**—**	**211**	153
Change in supplies of inventory	**—**	**(47)**	724
Change in prepaid expenses	**—**	**(1,815)**	(193)
(Decrease) increase in net financial assets	**(35,388)**	**5,730**	(19,043)
Net financial assets, beginning of year	**208,841**	**208,841**	227,884
Net financial assets, end of year	**173,453**	**214,571**	208,841

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

(All amounts are in thousands of dollars)

	Notes	2025 $	2024 $
Financial assets			
Cash and cash equivalents		**72,040**	45,516
Taxes receivable	2	**19,577**	18,736
Accounts receivable		**51,438**	36,683
Investments	4	**292,353**	304,880
Investment in Burlington Enterprises Corporation	12	**150,265**	149,720
		585,673	555,535
Liabilities			
Accounts payable and accrued liabilities		**71,320**	55,885
Asset retirement obligation	5	**1,001**	969
Other liabilities		**268**	356
Deferred revenue - general		**8,504**	7,817
Deferred revenue - obligatory reserve funds	6	**115,544**	118,186
Employee future benefits	7	**49,910**	48,515
Long-term debt	9	**124,555**	114,966
		371,102	346,694
Net financial assets		**214,571**	208,841
Non-financial assets			
Tangible capital assets	10	**1,069,477**	1,030,678
Inventory		**2,815**	2,768
Prepaid expenses		**4,501**	2,686
		1,076,793	1,036,132
Commitments and contingencies	15		
Accumulated surplus	11	**1,291,463**	1,244,973

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

Approved by the Board

________________________________, Director

________________________________, Director

The Corporation of the City of Burlington
Consolidated statement of cash flows
Year ended December 31, 2025
(All amounts are in thousands of dollars)

	Notes	2025 $	2024 $
Operating activities			
Annual surplus		**46,391**	36,328
Non-cash charges to operations			
Amortization		**42,187**	40,368
Loss (gain) on disposal of tangible capital assets		**145**	(48)
Contributed tangible capital assets		**—**	(1,097)
Burlington Enterprises Corporation, net income		**(4,709)**	(6,680)
Net change in non-cash working capital balances	18	**(2,639)**	9,370
		81,376	78,241
Capital activities			
Purchase of tangible capital assets		**(81,342)**	(95,278)
Proceeds on sale of tangible capital assets		**211**	153
		(81,131)	(95,125)
Investing activity			
Increase in investments		**12,527**	16,334
Financing activities			
New debt issued		**24,460**	17,000
Debt principal repayments		**(14,871)**	(16,437)
Dividends received		**4,164**	2,424
		13,753	2,987
Change in cash and cash equivalents		**26,524**	2,437
Cash and cash equivalents, beginning of year		**45,516**	43,079
Cash and cash equivalents, end of year		**72,040**	45,516
Cash and cash equivalents consist of			
Cash		**23,040**	15,516
Cash equivalents		**49,000**	30,000
		72,040	45,516

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

1. Accounting policies

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

(a) Basis of consolidation

(i) Consolidated entities

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus balances of the reporting entity. The reporting entity includes the activities of all committees of Council and the following boards and enterprises which are under the control of Council:

- Burlington Public Library Board
- Burlington Museums Board
- Burlington Downtown
- Aldershot Village Business Improvement Association
- Burlington Economic Development and Tourism
- Burlington Theatre Board

As of January 1, 2025, Burlington Economic Development Corporation and Tourism Burlington Inc. amalgamated to form a new entity, Burlington Economic Development and Tourism.

All material inter-entity transactions and balances are eliminated on consolidation.

(ii) Non-consolidated entities

These consolidated financial statements do not reflect the assets, liabilities, revenues, expenses and accumulated surplus and the activities of the following boards and enterprises, which are not under the control of Council:

- Burlington Art Gallery
- LaSalle Park Marina Association

(iii) Modified equity accounting

Burlington Enterprises Corporation (“BEC”) (formerly Burlington Hydro Electric Inc.) is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise’s accounting principles are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated.

(iv) Accounting for the Region and School Board Transactions

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

(v) Trust funds

Trust Funds and their related operations administered by the City are not consolidated, but are reported separately.

(All amounts are in thousands of dollars)

1. Accounting policies (continued)

(b) Basis of accounting

(i) Accrual accounting

The City follows the accrual method of accounting for revenues and expenses, with the exception of Provincial Offences Act fine revenues which are accounted for on a cash basis. 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.

Where revenue has been received in advance of expenses being incurred, the amount has been recorded as deferred revenue in the consolidated statement of financial position, and will be recognized as revenue in a future period when the related expenses are incurred.

(ii) 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. Tangible capital assets

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

Land improvements	12 to 100 years
Buildings	10 to 100 years
Leasehold improvements	Term of the lease
Machinery and equipment	3 to 25 years
Vehicles	5 to 32 years
Linear assets	4 to 80 years

A full year's amortization is taken in the year of asset acquisition and disposal. Works in progress are not amortized until the asset is available for productive use, at which time they are capitalized.

The City has a capitalization threshold for each individual asset class, so that individual TCAs of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Capitalization threshold by individual asset class are as follows:

Land	nil
Land improvement	$20
Buildings/leasehold improvements	$30
Machinery and equipment	$5
Vehicles	$5
Linear assets	$20
Work-in-progress	Same as above by individual asset

1. Accounting policies (continued)

(b) Basis of accounting (continued)

(ii) Non-financial assets (continued)

1. Tangible capital assets (continued)

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

2. Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

3. Leases

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

4. Inventories

Inventories held for consumption are recorded at the lower of cost and net realizable value.

(iii) Government transfers

Government transfers are recognized as revenues by the City in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions or programs to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

(iv) Deferred revenue - Obligatory reserve funds

The City receives development charges and subdivider contributions under the authority of provincial legislation and City by-laws. These funds, by their nature, are restricted in their use and, until applied to specific capital works, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

(v) Employee future benefits

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

1. Accounting policies (continued)

(b) Basis of accounting (continued)

(vi) Tax revenue

Tax revenue is recognized on all taxable properties within the City that are included in the tax roll provided by the Municipal Property Assessment Corporation, using property values included in the tax roll or property values that can be reasonably estimated by the City as it relates to supplementary or omitted assessments, at tax rates authorized by Council for the City's own purposes in the period for which the tax is levied.

(vii) Investment income

Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue – obligatory reserve funds balance.

(viii) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash. Cash equivalents have a short-term maturity of three months or less from the year end date.

(ix) 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.

(x) Use of estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Significant estimates relate to the allowance for taxes receivable, the allowance for doubtful accounts receivable, accrued liabilities, employee future benefits, asset retirement obligations, contaminated sites and useful lives of tangible capital assets. Actual results could differ from these estimates.

(All amounts are in thousands of dollars)

2. Taxes receivable

Taxes receivable represents uncollected taxes billed for the following purposes based on total assessments:

	2025	2024
	$	$
City of Burlington	**9,040**	8,828
Region of Halton	**6,216**	5,697
Halton school boards	**4,321**	4,211
	19,577	18,736

3. Trust funds

Trust funds administered by the City amounting to $18,215 ($15,440 in 2024) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

4. Investments

Investments of $292,353 ($304,880 in 2024) reported on the Consolidated Statement of Financial Position at cost, had a market value of $257,797 ($300,290 in 2024) at the end of the year. Investments consist mainly of federal, provincial, and municipal bonds and money market securities that mature in the range of 1-32 years. Interest rates on these investments range from 1%-6.4%. These investments are carried at amortized cost and not fair value given their fixed maturity value and interest rates.

(All amounts are in thousands of dollars)

5. Asset retirement obligations

Asbestos

The City has a number of buildings containing asbestos requiring remediation upon decommissioning. Canada enacted significant health and safety regulations through the *Canada Occupational Health and Safety Regulations* ("COHSR") in 1986. The COHSR prescribed specific requirements on the presence and management of asbestos dust to which people may be exposed, including limits on airborne asbestos particles. Asbestos use has been less common since 1986 but was not completely banned in Canada until 2018, so a liability related to more recent constructions may also apply. This is particularly relevant to the municipality's older buildings where the liability is more imminent, as those buildings reach the end of their operating life.

Fuel tanks

In accordance with the Technical Standards and Safety Act and other applicable regulations, the Technical Standards & Safety Authority ("TSSA") regulates the transportation, storage, handling and use of fuels in Ontario. Regulations require underground fuel tanks to be registered with the TSSA, and establishes requirements for regular inspections, and for the abandonment and decommissioning of underground storage tanks. When an underground fuel tank is no longer in use, the removal must be performed by a qualified TSSA-registered contractor. The TSSA's regulations for underground fuel tanks clearly specify the requirements to decommission the tanks at the end of their useful lives, which would indicate that future economic benefits will be given up by the City, therefore resulting in an asset retirement obligation (ARO).

The estimated liability is the present value of the estimated future cash flows required to settle the asset retirement obligations is estimated at $1,001.

A reconciliation of the beginning and ending aggregate carrying amount of the liability is as follows:

	2025 **$**	2024 $
Balance, beginning of year	**969**	942
Changes during the year		
Accretion expense	**32**	27
Balance, end of year	**1,001**	969

(All amounts are in thousands of dollars)

6. Deferred revenue - obligatory reserve funds

A requirement of PSAS is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may be refunded.

The net change during the year in the legislatively restricted deferred revenue balances is as follows:

	Development charges $	Parkland $	Grants $	2025 Total $	2024 Total $
Balance, beginning of year	**85,421**	**10,725**	**22,040**	**118,186**	113,136
Restricted funds received	**6,835**	**741**	**14,087**	**21,663**	29,319
Interest earned	**1,959**	**212**	**653**	**2,824**	4,638
Transfers between reserve funds	**-**	**(200)**	**-**	**(200)**	(200)
Revenue recognized	**(16,494)**	**(2,687)**	**(7,748)**	**(26,929)**	(28,707)
Balance, end of year	**77,721**	**8,791**	**29,032**	**115,544**	118,186

7. Employee future benefits

The City provides certain employee benefits which will require funding in future periods.

	2025 $	2024 $
Banked overtime	**767**	678
WSIB	**15,837**	15,437
Vacation pay liability	**5,779**	6,305
Retiree benefits	**26,907**	25,471
Life, medical and dental benefits	**624**	624
	49,910	48,515

(a) Liability for banked overtime

Under the Employee Benefit Plan, unused banked overtime can accumulate and certain employees may become entitled to a cash payment upon termination of services.

(b) Liability for Workplace Safety & Insurance ("WSIB")

The City is a Schedule II employer under the Workplace Safety and Insurance Act. As a Schedule II employer, the City assumes the liability for any award made under the Act.

An actuarial valuation as at December 31, 2024, provided the basis for the liability of $15,837 ($15,437 in 2024). This increase in liability is the result of settlements of firefighter survivor benefit claims awarded and pending. The liability is net of an actuarial loss of $3,036 ($1,804 in 2024). Amortization of $508 ($374 in 2024) is included. A reserve fund in the amount of $10,415 ($9,625 in 2024) has been provided for this liability and is reported in Note 11.

(All amounts are in thousands of dollars)

7. Employee future benefits (continued)

(c) Retiree benefits

A liability of $26,907 ($25,471 in 2024) has been reported on the Consolidated Statement of Financial Position for the liability accruing to existing employees for dental, health care and life benefits and for retired employees for dental, health and life benefits coverage up to the age of 65. The amounts reported are based on an actuarial valuation that was conducted as at December 31, 2024, using a discount rate of 4.25% and assuming an inflation rate of 2.25%. The liability is net of an unamortized actuarial loss of $2,689 ($3,167 in 2024) due to the actual experience as compared with the previous actuarial update but includes amortization of $478 ($365 in 2024). A reserve fund in the amount of $4,749 ($4,177 in 2024) has been provided for this liability and is reported in Note 11.

The City maintains life, medical and dental insurance for disabled employees. The liability is estimated at $624 ($624 in 2024).

Information about the City's retiree benefits plan is as follows:

	2025	2024
	$	$
Accrued benefit obligation		
Balance, beginning of year	**(28,638)**	(20,268)
Current benefit expense	**(1,341)**	(961)
Interest	**(1,212)**	(656)
Increase due to plan amendment	**—**	(7,074)
Benefits paid	**1,595**	1,136
Actuarial loss from valuation	**—**	(815)
Accrued benefit obligation, end of the year	**(29,596)**	(28,638)
Unamortized actuarial loss	**2,689**	3,167
Liability for benefits	**(26,907)**	(25,471)
Amortization of actuarial loss	**(478)**	(365)

8. Pension agreements

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

Contributions to OMERS are made at rates ranging from 9% to 15.8%. Contribution rates are dependent on proposed retirement age and the level of earnings. The amount contributed to OMERS for 2025 was $13,381 ($12,495 in 2024) for current service and is included as an expense on the Consolidated Statement of Operations.

The OMERS pension plan has a funding deficit of $1,300,000 at December 31, 2025 based on the actuarial funding valuation as at that date. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, additional increases in the contributions may be required.

(All amounts are in thousands of dollars)

9. Long-term debt

(a) Long-term debt includes amounts incurred by the City including those incurred on behalf of municipal enterprises. The principal repayments required over the next 5 years and thereafter are detailed as follows:

	$
2026	15,102
2027	11,965
2028	11,430
2029	10,877
2030	10,369
2031 and thereafter	64,812
	124,555

(b) Total debt charges for the year were as follows:

	2025 $	2024 $
Principal payments	**14,870**	16,437
Interest	**3,982**	4,143
	18,852	20,580

These charges were financed from the following sources:

	2025 $	2024 $
General municipal revenues	**14,870**	16,437
Benefiting landowners	**—**	—
	14,870	16,437

By-law	Purpose	Interest rates %	Maturity dates	**2025 $**
26-16	Various	1.200-2.650	2026	**3,508**
15-17	Various	1.150-2.850	2027	**1,761**
12-18	Various	1.850-3.200	2033	**9,715**
59-19	Various	1.900-2.500	2029	**3,291**
06-20	Various	0.650-1.800	2030	**3,529**
20-21	Various	0.300-2.250	2031	**4,107**
30-22	Various	2.600-3.700	2032	**9,582**
42-23	Various	3.500-4.650	2038	**30,692**
57-23	Various	4.800-5.450	2038	**18,094**
18-24	Various	4.100-4.800	2038	**15,816**
09-25	Various	2.800-4.700	2039	**24,460**
				124,555

(All amounts are in thousands of dollars)

10. Tangible capital assets

	Land $	Buildings $	Vehicles $	Machinery and equipment $	Land improvements $	Linear Assets $	Work-in-progress $	2025 Total $
Cost								
Balance, beginning of year	**213,794**	**317,452**	**98,326**	**57,873**	**127,113**	**745,412**	**91,623**	**1,651,593**
Additions	**131**	**39,816**	**9,617**	**5,995**	**4,752**	**13,436**	**7,594**	**81,341**
Disposals	**—**	**(1,629)**	**(928)**	**(7,355)**	**(2,372)**	**(6,185)**	—	**(18,469)**
Balance, end of year	**213,924**	**355,639**	**107,015**	**56,513**	**129,493**	**752,663**	**130,634**	**1,714,465**
Accumulated amortization								
Balance, beginning of year	**—**	**170,186**	**57,041**	**31,359**	**52,611**	**309,718**	**—**	**620,915**
Disposals	**—**	**(1,544)**	**(872)**	**(7,353)**	**(2,371)**	**(5,973)**	**—**	**(18,113)**
Amortization expense	**—**	**9,657**	**6,963**	**4,946**	**4,447**	**16,174**	**—**	**42,187**
Balance, end of year	**—**	**178,299**	**63,132**	**28,952**	**54,687**	**319,919**	**—**	**644,989**
Net book value, end of year	**213,924**	**177,340**	**43,883**	**27,562**	**74,807**	**432,745**	**130,634**	**1,069,476**

(All amounts are in thousands of dollars)

10. Tangible capital assets (continued)

	Land $	Buildings $	Vehicles $	Machinery and equipment $	Land improvements $	Linear Assets $	Work-in-progress $	2024 Total $
Cost								
Balance, beginning of year	210,043	316,575	88,195	47,763	121,202	732,849	46,956	1,563,583
Additions	3,751	1,034	11,044	17,208	6,015	12,656	63,480	115,188
Disposals	—	(157)	(913)	(7,098)	(104)	(93)	(18,813)	(27,178)
Balance, end of year	213,794	317,452	98,326	57,873	127,113	745,412	91,623	1,651,593
Accumulated amortization								
Balance, beginning of year	—	161,293	51,220	34,117	48,443	293,734	—	588,807
Disposals	—	(157)	(819)	(7,098)	(104)	(82)	—	(8,260)
Amortization expense	—	9,050	6,640	4,340	4,272	16,066	—	40,368
Balance, end of year	—	170,186	57,041	31,359	52,611	309,718	—	620,915
Net book value, end of year	213,794	147,266	41,285	26,514	74,502	435,694	91,623	1,030,678

(All amounts are in thousands of dollars)

11. Accumulated surplus

	2025 $	2024 $
Accumulated surplus		
Tangible capital assets	**1,064,094**	1,030,678
Operating fund	**260,747**	237,350
Reserve fund	**135,605**	140,425
Unfunded	**(174,465)**	(163,480)
	1,285,981	1,244,973
Reserve and reserve funds set aside by Council		
Capital purposes	**46,259**	49,431
Vehicle and equipment replacement	**3,971**	4,385
Stabilization reserve funds	**14,765**	18,211
Contingency reserve	**10,082**	11,546
Employee accident reserve fund	**10,415**	9,625
Employee benefits reserve fund	**4,749**	4,177
Corporate reserve	**5,295**	5,742
Program specific reserve funds	**30,899**	27,280
Local boards reserve funds	**9,104**	9,969
Program specific reserve	**67**	59
	135,605	140,425

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as above.

12. Investment in Burlington Enterprises Corporation (formerly "Burlington Hydro Electric Inc.")

In compliance with provincial legislation enacted to restructure the electrical industry in Ontario, Council approved the incorporation of the electricity distribution business of the former Burlington Hydro-Electric Commission (the "Commission"). Pursuant to this legislation, the City incorporated three companies, Burlington Hydro Electric Inc. ("BHEI") and its wholly-owned subsidiaries, Burlington Hydro Inc. ("BHI") and Burlington Electricity Services Inc. ("BESI").

BHEI was incorporated on December 1, 1999 as a wholly-owned subsidiary of the City and commenced active operations on January 1, 2000. At incorporation, 1,000 shares were issued for $100 cash to the City. Effective January 1, 2000, substantially all of the assets and liabilities of the former Commission were transferred to BHEI. Effective October 15, 2019, BHEI was renamed Burlington Enterprises Corporation ("BEC").

(All amounts are in thousands of dollars)

12. Investment in Burlington Enterprises Corporation (formerly "Burlington Hydro Electric Inc.") (continued)

The City's financial statements reported an increase in municipal position as a result of this transaction and the subsequent operations of BEC, which is comprised of the following:

	$
Continuity of investment	
Balance at January 1, 2025	**149,720**
Net income for year	**4,709**
Dividends received during the year	**(4,164)**
Net increase in equity during the year	**545**
Ending balance, December 31, 2025	**150,265**

As a business enterprise of the City, BEC is accounted for on a modified equity basis in these financial statements.

The following table provides condensed, consolidated supplementary financial information for BEC for the years ended December 31, 2025 and 2024:

	2025 **$**	2024 $
Financial position		
Current assets	**62,751**	60,988
Capital assets	**226,053**	214,009
Other assets	**11,527**	12,273
Regulatory balances	**31,027**	35,106
	331,358	322,376
Current liabilities	**53,791**	53,251
Promissory note payable to City of Burlington	**47,879**	47,879
Customer's deposits	**2,222**	2,262
Ontario Infrastructure Loan	**12,593**	14,795
Finance lease liabilities	**101**	73
Other liabilities	**882**	-
Deferred revenue	**76,534**	69,759
Deferred tax liability	**8,875**	9,023
Liability for future benefits	**4,508**	4,123
Regulatory balances	**21,537**	19,370
	228,922	220,535
Net assets	**102,386**	101,841
Results of operations		
Net revenues	**52,607**	46,501
Operating expenses	**(47,898)**	(39,820)
	4,709	6,681

(All amounts are in thousands of dollars)

12. Investment in Burlington Enterprises Corporation (formerly "Burlington Hydro Electric Inc.") (continued)

	2025	2024
	$	$
The investment in BEC is represented by the following		
Total net assets	**102,386**	101,841
Promissory note receivable	**47,879**	47,879
	150,265	149,720

The following summarizes the City's related party transactions with BEC for the year. All transactions are in the normal course of operations and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

Gross revenue earned by BEC from the City of Burlington $4,611 ($3,958 in 2024). Of this amount, $556 ($503 in 2024) was net distribution revenue.

Payments in Lieu of Taxes paid to the City of Burlington by BEC were $135 ($149 in 2024).

In 2021, the City entered into a property lease agreement with BEC for a term of 25 years. During the year the City paid $153 ($149 in 2024) from this agreement and $4 ($3 in 2024) from other lease related transactions.

In 2025, the City entered into an additional lease agreement with BEC for a term of 4 years. During the year the City paid $113 ($111 in 2024) from this agreement.

13. Segmented information

The City of Burlington is a diversified lower tier municipality that provides a wide range of services to its citizens, including fire, public transit and recreation programs.

City services are provided by departments, and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide are as follows:

General Government

The General Government section is a key part of the City of Burlington enabling the city to meet its strategic plan goals and in assisting the Community Services and Development & Infrastructure divisions in achieving their service delivery and operational needs. It includes the Mayor and Council, Finance Department, Human Resources Department, Legal and Legislative Services Department, Burlington Digital Services Department.

Protection of Persons & Property

This section includes net revenue the City realizes from the operations of the Provincial Offences Act ("POA") as well as the costs associated with operating the Burlington Fire Department. The Burlington Fire Department is a composite force consisting of highly trained and caring professionals who provide vital emergency services serving the diverse needs of the community.

Activities of the Department include fire suppression, fire prevention, public education, training and emergency planning.

13. Segmented information (continued)

Roads, Parks and Forestry department

The Roads, Parks and Forestry Department provides services related to maintaining roads and parks. This includes awareness and planning for maintenance activities related to growth. The services include winter control activities.

Transit and traffic department

The Transit and Traffic Department is comprised of 3 sections:

The Transit Section is responsible for the provision of public transit services in Burlington including the administration, planning, operations and vehicle maintenance for conventional and specialized transit services.

The Traffic Signal Systems and Parking Section are responsible for the operation and maintenance of the computerized Traffic Signal Control System, Parking By-law enforcement and the management of municipal parking facilities within the downtown.

The Traffic Services Section is responsible for traffic control, traffic calming projects, collision data analysis and School Crossing Guards.

Recreation and culture

It is under the umbrella of recreation and culture that the City presents recreational and cultural opportunities to its citizens. This not only includes recreational programs that foster healthy, active living but also includes the operations of the Libraries, Performing Art Centre and Museums of the City.

Planning and Development

This division’s responsibilities include planning development, planning policy, economic development, environmental initiatives, building approvals and inspections within the jurisdiction of the department.

Other

This section consists of other corporate Revenues and Expenses that are not department specific.

Certain allocation methodologies are employed in the preparation of segmented financial information. The General Revenue Fund reports on municipal services that are funded primarily by taxation such as property and business tax revenues. Taxation and payments-in-lieu of taxes are apportioned to General Revenue Fund services based on the Fund’s net surplus. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

(All amounts are in thousands of dollars)

13. Segmented information (continued)

	General government $	Protection to persons & property $	Roads, parks and forestry $	Transit and traffic $	Recreation and culture $	Planning and development $	Reserves and other $	2025 $
Revenue								
Taxation	47,133	42,082	38,103	24,073	55,913	5,135	57,524	269,963
User fees and charges	8,026	2,506	46,239	7,600	13,023	2,734	—	80,128
Government transfers	761	853	5,152	1,563	971	1,060	—	10,360
Investment income	24	—	62	—	246	121	10,787	11,240
Contributions from developers	534	827	2,930	234	1,791	—	—	6,316
Fines and penalties	4,051	10,985	—	2,044	—	—	—	17,080
Rents and concessions	132	55	—	434	7,298	—	—	7,919
Licenses and permits	271	5,337	319	1,494	733	754	—	8,908
Other revenues	430	44	(112)	7	1,153	126	5,821	7,469
Burlington Enterprises Corporation, net increase in equity	—	—	—	—	—	—	545	545
Contributed tangible capital assets	—	—	—	—	—	—	—	—
	61,362	62,689	92,693	37,449	81,128	9,930	74,677	419,928
Expenses								
Salaries and wages	40,061	51,163	21,817	22,627	35,795	9,505	—	180,968
Interest on long-term debt	3,820	—	—	—	350	—	—	4,170
Materials	276	1,465	5,938	6,340	8,770	553	—	23,342
Contracted services	15,063	3,463	22,129	38,597	10,863	1,017	—	91,132
Rents and financial expenses	5,455	5,048	214	146	2,730	90	—	13,683
External transfers	521	(41)	10	3	15,600	1,962	—	18,055
Amortization	2,291	2,169	19,975	4,612	13,125	15	—	42,187
	67,487	63,267	70,083	72,325	87,233	13,142	—	373,537
Annual (deficit) surplus	(6,125)	(578)	22,610	(34,876)	(6,105)	(3,212)	74,677	46,391

(All amounts are in thousands of dollars)

13. Segmented information (continued)

	General government $	Protection to persons & property $	Roads, parks and forestry $	Transit and traffic $	Recreation and culture $	Planning and development $	Reserves and other $	2024 $
Revenue								
Taxation	34,045	38,717	298	24,692	35,383	5,453	111,214	249,802
User fees and charges	5,444	2,052	22,247	7,491	14,575	3,698	—	55,507
Government transfers	—	2,258	6,363	4,903	572	128	—	14,224
Investment income	—	50	773	—	459	513	9,898	11,693
Contributions from developers	—	—	—	—	—	—	8,038	8,038
Fines and penalties	3,557	9,929	—	1,888	—	—	—	15,374
Rents and concessions	173	66	168	290	6,384	—	—	7,081
Licenses and permits	273	5,313	210	1,404	960	796	—	8,956
Other revenues	1,620	32	39	416	2,604	113	3,903	8,727
Burlington Enterprises Corporation, net increase in equity	—	—	—	—	—	—	4,257	4,257
Contributed tangible capital assets	—	—	1,097	—	—	—	—	1,097
	45,112	58,417	31,195	41,084	60,937	10,701	137,310	384,756
Expenses								
Salaries and wages	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
Interest on long-term debt	3,914	—	—	—	262	—	—	4,176
Materials	533	1,442	3,710	7,285	8,835	683	—	22,488
Contracted services	16,913	4,376	29,413	7,144	17,019	1,499	—	76,364
Rents and financial expenses	5,381	44	173	128	2,463	133	—	8,322
External transfers	1,816	2,825	7	677	1,413	(34)	—	6,704
Amortization	1,456	1,932	15,231	7,920	12,225	18	—	38,782
	72,907	60,776	71,822	44,362	86,337	12,224	—	348,428
Annual (deficit) surplus	(27,795)	(2,359)	(40,627)	(3,278)	(25,400)	(1,523)	137,310	36,328

(All amounts are in thousands of dollars)

14. Lease agreements

The City has entered into lease agreements for office equipment, facility space, vehicles and other services, at a present value of $37,305 (2024 - $33,561), which have received Ontario Municipal Board approval where necessary. The aggregate minimum payments under these leases over the next five years and thereafter are as follows:

	$
2026	2,927
2027	2,719
2028	2,214
2029	2,232
2030	2,102
2031 - 2048	36,921
	49,115

15. Commitments and contingencies

Commitment

BEC has a $20,000 revolving line of credit facility available for use. A letter of credit in the amount of $18,000 has been issued in favour of the Independent Electricity Service Operator (“IESO”) as security for BEC’s purchase of electricity through the IESO. No other amounts were drawn down on the line of credit or non-revolving credit facility at year-end. The credit facility is secured by a general security agreement over Burlington Hydro Inc.’s assets.

Joseph Brant Hospital

Council approved a commitment to the Joseph Brant Hospital expansion project of $60,000. This was approved as part of the 2010 current budget approval which took place at the Council meeting of March 22, 2010. Funding of the commitment will be through a dedicated tax levy which began in 2010. The 2025 dedicated tax levy was $2,600 ($2,600 in 2024). A contribution agreement between the City of Burlington and the Joseph Brant Hospital has been signed. As of December 31, 2025 the City had contributed $58,597 ($58,597 in 2024) to the project.

Contingencies

As at December 31, 2025, certain legal actions and other contingent liabilities are pending against the City. The outcome of these matters is indeterminate at this time and has therefore not been reflected in these consolidated financial statements.

(All amounts are in thousands of dollars)

16. Budget figures

Budget figures presented in these consolidated financial statements are based upon the 2025 operating and capital budgets approved by Council. The chart below reconciles the approved budget figures reported in these consolidated financial statements.

	Budget amount $
Revenue	
Operating	356,307
Capital	13,969
Local Boards	4,977
Less	
Transfers from (to) other funds	24,460
Proceeds on debt issue	(24,460)
	375,253
Expenses	
Operating	298,336
Amortization	45,230
Local Boards	8,780
Less	
Transfers to (from) other funds	(2,420)
Debt principal payments	(14,870)
Contributions to boards	17,291
	352,347
Annual surplus	22,906

17. Contractual rights

The City holds leases with the tenants of Sims Square, a City-owned property located at 390 Brant Street, for the rental of office and retail spaces. The City is contractually entitled to lease payments for the next 5 years and thereafter, as follows:

	$
2026	918
2027	847
2028	677
2029	262
2030	42
Thereafter	—
	2,746

(All amounts are in thousands of dollars)

18. Net change in non-cash working capital balances

The changes in non-cash working capital items are as follows:

	2025 $	2024 $
Taxes receivable	**(841)**	(1,926)
Accounts receivable	**(14,755)**	(13,802)
Inventories	**(47)**	724
Prepaid expenses	**(1,815)**	(193)
Accounts payable and accrued liabilities	**15,435**	12,280
Asset retirement obligation	**32**	27
Other liabilities	**(88)**	(24)
Deferred revenue - general	**687**	(885)
Deferred revenue - obligatory reserve funds	**(2,642)**	5,050
Employee future benefits	**1,395**	8,119
	(2,639)	9,370