The City of Toronto

2025 Consolidated Financial Statements

December 31, 2025

Table of contents

Management's report	3
Independent auditor's report	4
Consolidated statement of financial position	7
Consolidated statement of operations and accumulated surplus	8
Consolidated statement of remeasurement gains and losses	9
Consolidated statement of change in net debt	10
Consolidated statement of cash flows	11
Notes to the consolidated financial statements	13
Schedule 1: Consolidated schedule of tangible capital assets	48
Appendix 1: Consolidated schedule of government business enterprises	50
Appendix 2: Consolidated schedule of segment disclosure – service	51
Appendix 3: Consolidated schedule of segment disclosure – entity	53

Management's report

The management of the City of Toronto (City) is responsible for the integrity, objectivity and accuracy of the financial information presented in the accompanying consolidated financial statements.

The consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is disclosed in Note 1 to the consolidated financial statements. The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

To meet its responsibility, management maintains comprehensive financial and internal control systems designed to ensure the proper authorization of transactions, the safeguarding of assets and the integrity of the financial data. The City employs highly qualified professional staff and deploys an organizational structure that effectively segregates responsibilities, and appropriately delegates authority and accountability.

The Audit Committee, a sub-committee of City Council (Council), reviews and recommends the approval of the consolidated financial statements before they are submitted to Council.

The 2025 consolidated financial statements have been audited by the City's external auditors, KPMG LLP. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.

Toronto, Canada
July 29, 2026

Jason Li, CPA, CA
Controller and Chief Accountant

Stephen Conforti
Chief Financial Officer and Treasurer

Jag Sharma
Acting City Manager

KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, ON M5H 2S5
Canada
Telephone 416 777 8500
Fax 416 777 8818

INDEPENDENT AUDITOR'S REPORT

To the Members of the City Council, Inhabitants and Ratepayers of the City of Toronto

Opinion

We have audited the consolidated financial statements of the City of Toronto (the City), which comprise:

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

(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 City as at December 31, 2025, and its consolidated results of operations, its consolidated remeasurement gains and losses, its consolidated change in net debt 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 City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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

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

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 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.
- 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

Toronto, Canada

July 29, 2026

Consolidated statement of financial position

As at December 31, 2025 with comparatives to 2024

	2025	2024
Financial assets		
Cash and cash equivalents	$ 2,907	$ 3,321
Accounts and taxes receivable (Note 2)	4,107	3,739
Loans receivable (Note 3)	115	182
Other assets (Note 4)	50	55
Investments (Note 5)	7,834	8,391
Investments in Government Business Enterprises (Note 6)	2,706	2,537
Total financial assets	**17,719**	**18,225**
Liabilities		
Bank indebtedness (Note 7)	136	66
Accounts payable and accrued liabilities (Note 8)	4,738	4,201
Deferred revenue (Note 9)	7,746	7,891
Provisions for property and liability claims (Note 10)	507	495
Environmental and contaminated site liabilities (Note 11)	307	272
Mortgages payable (Note 12)	558	490
Long-term debt (Note 13)	9,267	8,880
Employee benefit liabilities (Note 14)	4,993	4,930
Asset retirement obligations (Note 15)	1,023	1,005
Total liabilities	**29,275**	**28,230**
Net debt	**(11,556)**	**(10,005)**
Non-financial assets		
Prepaid expenses	176	186
Inventories (Note 16)	357	285
Tangible capital assets (Note 17, Schedule 1)	48,743	45,417
Total non-financial assets	**49,276**	**45,888**
Accumulated operating surplus (Note 18)	**36,437**	**34,746**
Accumulated remeasurement gains	**1,283**	**1,137**
Total accumulated surplus	$ **37,720**	**$ 35,883**

Contingent assets and liabilities (Note 19)

Contractual rights and obligations (Note 20)

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

Consolidated statement of operations and accumulated surplus

For the year ended December 31, 2025 with comparatives to 2024

	2025 Budget (Note 21)	2025 Actual	2024 Actual
Revenues			
Property taxes and taxation from other governments (Note 22)	$ 6,240	$ 6,241	$ 5,808
Government transfers (Note 23)	5,777	5,343	4,669
User charges	3,692	3,730	3,610
Municipal land transfer tax	986	788	828
Development charges	784	783	789
Rent and concessions	542	613	584
Investment income	260	506	801
Government business enterprises earnings (Note 6)	-	237	176
Other revenue sources (Note 24)	1,010	1,478	937
Total revenues	**19,291**	**19,719**	**18,202**
Expenses			
Transportation	4,724	4,894	4,460
Social and family services	4,672	4,016	3,678
Protection to persons and property	2,464	2,467	2,452
General government	1,303	1,523	1,218
Social housing	1,423	1,461	1,167
Recreation and cultural services	976	1,425	1,239
Environmental services	1,712	1,382	1,176
Health services	678	626	577
Planning and development	227	234	219
Total expenses (Note 25)	**18,179**	**18,028**	**16,186**
Annual surplus	**1,112**	**1,691**	**2,016**
Accumulated operating surplus – beginning of year	34,746	34,746	32,730
Accumulated operating surplus – end of year	**$ 35,858**	**$ 36,437**	**$ 34,746**

Segmented information is presented in Appendices 2 and 3.

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

Consolidated statement of remeasurement gains and losses

For the year ended December 31, 2025 with comparatives to 2024

		2025		2024
Accumulated remeasurement gains – beginning of year	$	**1,137**	$	**972**
Unrealized gains (losses) attributable to:				
Equity investments		134		203
Debt designated to fair value		121		20
Other investments designated to fair value		(55)		80
Realized (gains) losses reclassified to consolidated statement of operations:				
Equity investments		(37)		(80)
Other investments designated to fair value		(17)		(58)
Net remeasurement gains (losses) during the year		**146**		**165**
Accumulated remeasurement gains – end of year	**$**	**1,283**	**$**	**1,137**

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

Consolidated statement of change in net debt

For the year ended December 31, 2025 with comparatives to 2024

	2025 Budget (Note 21)	2025 Actual	2024 Actual
Annual surplus	**$ 1,112**	**$ 1,691**	**$ 2,016**
Acquisition of tangible capital assets	(8,274)	(8,274)	(5,747)
Amortization of tangible capital assets	2,113	2,113	1,793
Loss on disposal of tangible capital assets	-	2,785	1,329
Donated tangible capital assets	-	(16)	(22)
Proceeds on disposal of tangible capital assets	-	66	83
Change due to tangible capital assets	(6,161)	(3,326)	(2,564)
Change in prepaid expenses	-	10	(32)
Change in inventories	-	(72)	12
Net remeasurement gains	-	146	165
Increase in net debt	**$ (5,049)**	**$ (1,551)**	**$ (403)**
Net debt – beginning of year	(10,005)	(10,005)	(9,602)
Net debt – end of year	**$ (15,054)**	**$ (11,556)**	**$ (10,005)**

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

Consolidated statement of cash flows

For the year ended December 31, 2025 with comparatives to 2024

	2025	2024
Cash flows provided by (used in):		
Operating activities		
Annual surplus	$ 1,691	$ 2,016
Add (deduct) items not involving cash:		
Government business enterprise earnings from operations	(237)	(176)
Amortization of tangible capital assets	2,113	1,793
Loss on disposal of tangible capital assets	2,785	1,329
Donated tangible capital assets	(16)	(22)
Accretion expense for asset retirement obligations	6	5
	6,342	4,945
Changes in non-cash assets and liabilities:		
Accounts and taxes receivable	(368)	(541)
Accounts payable and accrued liabilities	537	602
Deferred revenue	(139)	343
Provision for property and liability claims	12	2
Environmental and contaminated sites liabilities	35	(4)
Employee benefit liabilities	63	120
Asset retirement obligations	12	7
Prepaid expenses	10	(32)
Inventories	(72)	12
Cash provided by operating activities	**6,432**	**5,454**
Capital activities		
Acquisition / construction of tangible capital assets	(8,274)	(5,747)
Proceeds on disposal of tangible capital assets	66	83
Cash used in capital activities	**(8,208)**	**(5,664)**
Financing activities		
Net change in bank indebtedness	70	(77)
Principal repayments on mortgages payable	(34)	(31)
Issuance of long-term debt and mortgages payable	1,281	1,134
Principal repayments on long-term debt	(600)	(599)
Interest earned on sinking funds	(77)	(157)
Cash provided by financing activities	**$ 640**	**$ 270**

Consolidated statement of cash flows (cont.)

For the year ended December 31, 2025 with comparatives to 2024

	2025	2024
Investing activities		
Net change in other assets	$ 5	$ (2)
Net change in loans receivable	67	(14)
Proceeds from the sale and maturity of investments	13,220	15,068
Purchase of investments	(12,638)	(16,284)
Investment in government business enterprises	(25)	(50)
Distributions from government business enterprises	93	117
Cash provided by (used in) investing activities	**722**	**(1,165)**
Net decrease in cash and cash equivalents during the year	**(414)**	**(1,105)**
Cash and cash equivalents – beginning of year	3,321	4,426
Cash and cash equivalents – end of year	**$ 2,907**	**$ 3,321**
Supplementary information:		
Cash paid for interest on long-term debt	$ 481	$ 436
Cash received for interest on investments	$ 550	$ 811

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

Notes to consolidated financial statements

For the year ended December 31, 2025

The City of Toronto (City) is the provincial capital of Ontario and the largest city in Canada. Although the City was originally incorporated on March 6, 1834, the 1998 amalgamation of the City of Toronto, Metropolitan Toronto, East York, Etobicoke, North York, Scarborough and York resulted in the existing City. The City operates under the provisions of the City of Toronto Act, 2006.

1. Significant accounting policies:

a. Basis of presentation

The consolidated financial statements (Statements) of the City have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS) as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

b. Principles of consolidation

The Statements reflect the assets, liabilities, revenues and expenses of City Divisions, including the Toronto Police Services Board and Toronto Public Health, and controlled organizations considered to be financially significant to the City's financial results. In addition, the City proportionately consolidates two entities held in partnership. The Toronto Waterfront Revitalization Corporation is a 33.3% partnership with each of the Canadian and Ontario Governments, and the Toronto Pan Am Sports Centre is a 50% partnership with the University of Toronto.

The City's 100% share of the Toronto Hydro Corporation and Toronto Parking Authority follow Government Business Enterprises (GBE) accounting, using the modified equity basis of accounting where the accounting principles of the GBEs are not adjusted to conform to the City's accounting principles and intercompany transactions and balances are not eliminated. Intercompany gains and losses are, however, eliminated on assets remaining within the government reporting entities at the reporting date.

c. Consolidated entities

Agencies and corporations

- Board of Governors of Exhibition Place
- Board of Management of the Toronto Zoo
- Build Toronto Inc. (BTI)
- City of Toronto Economic Development Corporation c.o.b. Toronto Port Lands Company (TPLC)
- CreateTO
- Lakeshore Arena Corporation
- TO Live
- Toronto Atmospheric Fund (TAF)
- Toronto Community Housing Corporation (TCHC)
- Toronto Public Library Board (TPLB)
- Toronto Seniors Housing Corporation (TSHC)
- Toronto Transit Commission (TTC)
- Toronto Pan Am Sports Centre Inc. (TPASC) (50 per cent proportionately)
- Toronto Waterfront Revitalization Corporation (TWRC) (33.33 per cent proportionately)

All intercompany assets and liabilities and sources of financing and expenses have been eliminated in these Statements.

d. Trust funds

Trust funds administered by the City are not included in these Statements.

e. Use of estimates and measurement uncertainty

The preparation of these Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities, at the Statement date, and the reported amounts of revenues and expenses during the reporting year. Significant estimates and assumptions, which include employee benefit liabilities, property tax assessment appeals, vacant home tax assessments, property, liability and accident claims provisions, asset retirement obligations, and environmental and contaminated sites provisions, are based on management's best information and judgment. The fair value of financial instruments is determined by valuation techniques discussed in the fair value hierarchy in section f of this note. Actual amounts, accounted for as they become known, may differ significantly from these estimates.

f. Financial instruments and fair value hierarchy

The following is a list of the City's financial instruments and their related measurement basis:

Financial assets	Measurement basis
Cash and cash equivalents	Cost / amortized cost
Trade and other receivables	Cost / amortized cost
Loans receivable	Cost / amortized cost
Investments	Fair value

Financial liabilities	Measurement Basis
Bank indebtedness	Fair value
Accounts payable and accrued liabilities	Cost / amortized cost
Mortgages payable	Fair value
Long-term debt	Fair value

Transaction costs directly attributable to the acquisition or issue of a financial instrument asset or a financial instrument liability that is in the fair value category are expensed as incurred.

All financial instruments must be classified in accordance with the significance of the inputs used in making fair value measurements. The fair value hierarchy prioritizes the valuation techniques used to determine the fair value of a financial instrument based on whether the inputs to those techniques are observable or unobservable:

i. Level 1 – Derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

ii. Level 2 – Derived from quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or models using inputs that are observable.

iii. Level 3 – Derived using discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

Realized gains and losses arising from the disposition of financial instruments measured at fair value are recognized in the Consolidated Statement of Operations. Unrealized gains and losses arising from a change in fair value of such financial instruments are recognized in the Consolidated Statement of Remeasurement Gains and Losses.

g. Assets

Assets are economic resources controlled by the City as a result of past transactions or events and from which future economic benefits are expected to be obtained. For the year ended December 31, 2025, all material assets have been disclosed and reported within the City's Statements.

h. Financial assets

Financial assets are resources that can be used to discharge existing liabilities or finance future operations.

i. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at banks, and other short-term highly liquid investments with original maturities of three months or less.

j. Loans receivable

Loans receivable are recorded at the lower of amortized cost and the net recoverable value, when the risk of loss exists. Changes in the valuation of loans receivable are recognized in the Consolidated Statement of Operations and Accumulated Surplus. Interest is accrued on loans receivable to the extent it is deemed collectable. When the terms associated with a loan are considered to be significant concessionary terms such that all or part of the loan is considered to be a grant, the City will expense the grant portion in the Consolidated Statement of Operations and Accumulated Surplus at the time the loan is made and the loan discount is amortized to revenue over the term of the loan.

k. Investments

Investments consist mainly of government and corporate bonds, money market securities, and guaranteed investment certificates, as well as equity pooled funds. Investments are accounted for at fair value. Where there is a permanent loss in value, the investment value is written down to recognize the loss, with the corresponding write-down reflected in the Consolidated Statement of Operations and Accumulated Surplus.

Investment income is reported as revenue in the period earned. Investment income earned on specified deferred revenues (also referred to as Obligatory Reserve Funds as they are set aside for specific purposes by legislation, regulation or agreement), is added to the respective deferred revenue balances.

Dividends are recognized as revenues when declared.

l. Liabilities

Liabilities are recorded to the extent that they represent present obligations of the City to outside parties as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in the sacrifice of economic benefits in the future.

m. Deferred revenue

Deferred revenues, which include externally restricted inflows from other levels of government or other third parties, advance payments for tickets, building permits and program registration fees, and contributions from developers according to the Provincial Planning and Development Charge Acts, represent revenues which have been collected, but for which the City has yet to provide the required services or to satisfy the related performance obligations. These amounts are recorded as deferred revenue and are recognized as revenues in the period(s) that the related services are rendered or the performance obligations are satisfied.

n. Provision for property and liability claims

Estimated costs to settle property and liability claims are actuarially determined based on available loss information and projections of the present value of estimated future expenses, developed based on historical experience on loss development. Where the costs are deemed to be likely and reasonably determinable, liabilities are included on the Consolidated Statement of Financial Position, with annual changes expensed as operating costs in the Consolidated Statement of Operations and Accumulated Surplus.

The City and TTC's insurance programs are administered through a combination of self-insurance and coverage with insurance carriers. When claims are reported, case reserves are established on an individual basis, and adjusted as the claim develops. An actuarial assessment is carried out to obtain a provision, on a present value basis, for claims incurred, and claims incurred-but-not-reported. The City maintains a corporate insurance reserve fund of $21 (2024 – $45) that is used to finance payments for insurance claim costs.

o. Environmental and contaminated site liabilities

Liabilities related to the remediation of an unexpected contamination of sites are recorded when all of the following conditions are met:

- Environmental standards exist;
- Contamination exceeds the standard;
- The City is directly responsible or accepts responsibility for the contamination;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the liability can be made.

The estimated amounts of future remediation costs are reviewed annually, based on available information and governing legislation. Where the costs are deemed to be likely and reasonably determinable, liabilities are included in the Consolidated Statement of Financial Position, with annual changes expensed in the Consolidated Statement of Operations and Accumulated Surplus.

p. Employee benefit liabilities

Employee benefit liabilities include sick leave, Schedule 2 employer benefits under the Workplace Safety and Insurance (WSIB) Act, life insurance, and extended health and dental benefits for early retirees as well as post-amalgamation retirees who were part of legacy plans offered by the former municipalities. The costs of these benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends and plan investment performance. Accrued obligations and related costs of plan benefits are recognized net of plan assets.

The costs of WSIB obligations are actuarially determined and recognized in the period they occur. The costs of termination benefits and compensated absences are recognized when the event that obligates the City occurs. Costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis using discount rates derived from the City's long-term borrowing rate.

Past service costs from plan amendments related to prior period employee services are accounted for in the period of the plan amendment. The effects of a gain or loss from settlements or curtailments are recognized in the period they occur. Net actuarial gains and losses related to the employee benefits are amortized over the estimated average remaining service life of the related employee group. Employee future benefit assets are presented net of any required valuation allowance. Employee future benefit liabilities are discounted using rates derived from the City's long-term borrowing rate consistent with the duration of the benefit obligations.

The City accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined benefit plan. The City does not recognize any share of the pension plan deficit based on the fair market value of OMERS assets, as this is a joint responsibility of all Ontario municipalities and their employees.

The City continues to administer the Toronto Fire Department Superannuation and Benefit Fund as a defined benefit pension plan covering a closed group of employees hired prior to the establishment of the OMERS pension plan.

q. Asset retirement obligations

The City assesses for the existence of an asset retirement obligation at the time a tangible capital asset is acquired, constructed, or developed.

An asset retirement obligation is recognized in the period when all of the following conditions are met:

- There is a legal obligation to incur asset 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.

Such obligations typically arise from existing legislation, agreements or contracts, or through other legally enforceable obligations. The estimate of the liability includes costs directly attributable to carrying-out the retirement activities required to settle the legal obligation, including post-retirement operation, maintenance, and monitoring costs. Significant assumptions used in the estimates of these liabilities are revisited periodically to ensure their ongoing relevance.

The liability is measured based on the undiscounted expected costs associated with each retirement obligation, except for retirement obligations associated with the City's active and non-active landfills, which are discounted using a present value calculation and adjusted annually for accretion expense.

r. Non-financial assets

Non-financial assets are used to provide City services and are not available to discharge existing liabilities. These assets have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

i. Inventory

Inventory of materials and supplies, which are often consumed for purposes of providing goods and/or services to residents and businesses, is valued at the lower of cost and replacement cost. Inventory of land held for sale is valued at the lower of cost or net realizable value.

ii. Tangible capital assets

Tangible Capital Assets (TCA) are recorded at historical cost or estimated historical cost based on appraisals or other supportable methods where historical cost is not available. Cost includes amounts directly attributable to the acquisition, construction, development or betterment of the asset, as well as the estimated cost to settle liabilities for asset retirement obligations. Internal labour directly attributable to the construction, development or implementation of a tangible capital asset is capitalized. The City does not capitalize interest costs associated with the acquisition or construction of TCA. Qualifying costs are recognized as part of the City's assets under construction balance until the underlying assets are ready for their intended use and/or are in service.

The City categorizes its TCA based on two major categories, general and infrastructure:

- **General capital assets** include those assets which are not part of a network. Land includes all of the City's land except land under roads. Land improvements include outdoor parks and recreation facilities, land improvements around buildings, and the active landfill sites. Buildings include office buildings, community centres, police, fire and ambulance stations, TCHC housing units and transit buildings. Machinery and equipment includes equipment used by police, fire and paramedic services, as well as computers and furniture. Corporate fleet and transit buses make up the vehicle assets.

- **Infrastructure assets** include those capital assets which are part of one of three networks: roads, water/wastewater, and transit. The land within this category is the value of the land under the City's roads. Water and wastewater treatment plants, pumping stations, and storm facilities are included within infrastructure buildings and building improvements. Machinery and equipment include expressway signs and traffic signals, as well as equipment within water and wastewater treatment plants and pumping stations. Water and wastewater infrastructure includes pipe networks delivering water and removing waste water. Road networks are inclusive of road bases, surfaces and sidewalks. Transit infrastructure includes the subway system, rolling stock, track work and power distribution assets.

Donated TCAs are recorded at estimated fair market value at the date of donation, with a corresponding recognition of revenue.

ii. Tangible capital assets (cont.)

Lease arrangements, which transfer substantially all of the risks and benefits that are incidental to ownership, are recognized as a leased TCA and amortized over the lease term. All other forms of lease arrangements are considered to be operating expenses and are recognized over the lease term on the City's Consolidated Statement of Operations and Accumulated Surplus.

Cloud-based software costs are assessed to determine if they meet the definitions of an asset and TCA. In the event the transactions satisfy both of the definitions, the City recognizes all costs associated with preparing the software for its intended use as part of the assets under construction balance. Once the software has been fully implemented and is operational, the City re-classifies the associated costs to TCAs. Ongoing support and maintenance costs are expensed.

The TCA cost less expected residual value is amortized on a straight-line basis, over the estimated useful life of the assets, at the following rates:

Tangible capital asset	Useful life
General assets	
Land improvements	10 - 70 years
Buildings and building improvements	10 - 100 years
Machinery and equipment	4 - 75 years
Motor vehicles	5 - 20 years
Infrastructure assets	
Water and wastewater linear	20 - 100 years
Roads linear	4 - 100 years
Transit	3 - 65 years

One-half of the amortization is recorded in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is substantially complete and available for productive use.

TCAs are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services. Any impairment is accounted for as a loss in the Consolidated Statement of Operations and Accumulated Surplus.

The City manages and controls various works of art and non-operational historical cultural assets which are not recorded as TCAs and are not amortized. The valuation associated with these assets is not determinable. The City's collection includes historical buildings, artifacts, paintings and sculptures located at City sites and public display areas.

ii. Tangible capital assets (cont.)

The City also has and manages various natural assets, including ravines and urban forests, that are used to mitigate and address climate-related risks, as well as provide services to residents and businesses. Currently, PSAS does not require the recognition of natural assets as assets in a public sector entity's financial statements. This disclosure, however, has been added for completeness purposes, as well as to demonstrate the City's ongoing commitments in maintaining its natural assets.

s. Reserves and reserve funds

The City has Reserves and Discretionary (i.e. Council-Directed) Reserve Funds, which are reported in the Accumulated Surplus balance on the Consolidated Statement of Financial Position. These balances were established in response to a policy, to assist with fiscal management, or demonstrate compliance with Provincial legislation.

t. Revenues

Taxation revenues and associated receivables are recognized when they meet the definition of an asset, are authorized, and the taxable event occurs. Additional property tax revenue can be added throughout the year, after the return of the annual assessment roll used for invoicing purposes, as new properties are occupied or become subject to property tax. The City may receive supplementary assessment rolls over the course of the year from the Municipal Property Tax Assessment Corporation (MPAC) identifying new or omitted assessments. Property taxes for these supplementary and/or omitted amounts are then invoiced according to the City Council approved tax rate for each property class. Taxation revenues may also be impacted by reductions in assessment values resulting from assessment and/or property tax appeals performed by MPAC. Vacant residential properties in the City are subject to vacant home tax (VHT) annually. The tax amount is based on the assessment value of the residential property and the authorized VHT rate. VHT revenues and associated receivables may be impacted by cancellations of tax amounts resulting from successful complaints/appeals filed by taxpayers. An annual adjustment to account for changes in collectability of the City's taxation receivables is reflected in the City's Consolidated Statement of Operations and Accumulated Surplus.

Municipal Land Transfer Tax revenues are recognized following the registration of the taxable sale.

t. Revenues (cont.)

Revenues arising from exchange transactions such as transit fees, utility charges (water, wastewater and solid waste), licensing fees, building permit fees, planning applications fees, and fees associated with City programs and facilities rentals are recognized as the City satisfies the performance obligation(s) associated with such transactions. Amounts received before the end of a fiscal year that require recognition in a subsequent fiscal year are recorded as deferred revenue.

Revenues arising from non-exchange transactions, such as fines and penalties, are recognized when the City has the authority to claim or retain an inflow of economic resources and when a past transaction or event results in an asset.

Government Transfers to the City are recognized as revenues in the period in which the transfer is authorized by the transferring government and all eligibility criteria are met, except if there are stipulations that create an obligation that meets the definition of a liability. Once a liability is recognized, the transfer is recognized as revenue as the performance obligation(s) related to these stipulations are met.

Development Charges are charges imposed on land development or redevelopment projects. Fees are set by City by-law, which conforms to the requirements of the Development Charges Act, 1997. Development Charges are collected when an above grade building permit is issued and are established as deferred revenues. Once the City incurs growth-related capital expenditures on qualifying capital projects, the City recognizes revenues.

u. Expenses

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. Interest expenses are recognized as incurred. Expenses paid in the current period attributable to future benefits received are classified as prepaid expenses in the City's non-financial assets on the Consolidated Statement of Financial Position.

v. Contractual rights and obligations

Contractual rights reflect future rights to economic resources arising from contracts and/or agreements that will result in both an asset and revenue in future fiscal periods.

Contractual obligations represent obligations, which will result in liabilities upon completion of agreed upon terms specified in contracts and/or agreements in future fiscal periods.

Further details regarding the City's contractual rights and obligations, including nature, extent and timing of these types of transactions, can be found in Note 20.

w. Contingent assets and liabilities

Contingent assets and contingent liabilities arise from circumstances when the City is uncertain whether it has an asset and/or liability on the date of the financial statements. The existence of the asset and/or liability is ultimately dependent upon the occurrence or non-occurrence of a future event that is outside of the City's control.

For the year ended on December 31, 2025, all disclosures regarding the City's contingent assets and liabilities, including the nature, extent, and basis of estimates (if available), can be found in Note 19.

x. Loan and line of credit guarantees

The City provides loan guarantees for various cultural and community-based organizations, which are not consolidated as part of the City's Statements. As the guarantees represent potential financial commitments for the City, these amounts are considered contingent liabilities and not formally recognized as liabilities until the City considers it likely for the borrower to default on its obligation and the amount of the liability can be estimated. The City monitors the status of the organizations, loans, and lines of credit annually and in the event that payment by the City is likely to occur, a provision will be recognized in the Statements.

y. Related party transactions

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties also include key management personnel, such as City Councillors and members of the City's Corporate Leadership Team (the City Manager, Deputy City Managers, Chief Financial Officer and Treasurer, Controller and Chief Accountant, and Division Heads), as well as their close family members.

As of December 31, 2025, the City is not aware of any material related party transactions aside from those that have already been disclosed as part of Note 6, Investments in Government Business Enterprises.

z. Future accounting pronouncements

The City continues to assess the impact of the following upcoming changes to PSAS on its statements.

Standards applicable for fiscal years beginning on or after April 1, 2026 (effective for the City's fiscal year beginning on January 1, 2027):

The Conceptual Framework for Financial Reporting in the Public Sector – The new Conceptual Framework prescribes the nature, function and limits of financial accounting and reporting. It is the foundation on which PSAS are developed and professional judgment is applied. It will replace the conceptual aspects of PS 1000 Financial Statement Concepts and PS 1100 Financial Statement Objectives.

z. Future accounting pronouncements (cont.)

PS 1202 Financial Statement Presentation – The new standard provides updated guidance on the general and specific requirements for the presentation of information in general purpose financial statements. PS 1202 will replace current Section PS 1201 Financial Statement Presentation.

Standard applicable for fiscal years beginning on or after April 1, 2029 (effective for the City's fiscal year beginning on January 1, 2030):

PS 3251 Employee Benefits – The new standard provides updated guidance on the recognition, measurement, presentation, and disclosure of all employee benefit obligations and will replace Sections PS 3250 Retirement Benefits and PS 3255 Post-employment Benefits, Compensated Absences and Termination Benefits. Key changes include the immediate recognition of actuarial gains and losses and enhanced guidance on setting discount rates.

[Remainder of page intentionally left blank.]

2. Accounts and taxes receivable

	2025	2024
Federal and provincial government receivables	$ 1,941	$ 1,808
Development charges receivable	537	350
Property taxes receivables	527	458
Trade and other receivables	1,102	1,123
Total accounts and taxes receivable	**$ 4,107**	**$ 3,739**

Included in Federal and Provincial Government receivables are:

- Interim Housing Assistance Program – $262 (2024 – $214): $110 has been received since December 31, 2025;
- Ontario-Toronto New Deal – Shelters – $200 (2024 – $200): $167 has been received since December 31, 2025;
- Provincial Gas Tax (PGT) – $134 (2024 – $134): nil has been received since December 31, 2025;
- Housing Accelerator Fund – $113 (2024 – $236): nil has been received since December 31, 2025; and
- Provincial Transit Infrastructure Fund (PTIF) claims – $80 (2024 – $80): the entire balance has been received since December 31, 2025.

Other Receivables consist of individual balances that are immaterial for disclosure purposes.

3. Loans receivable

	2025	2024
Loans receivable from community housing organizations bearing interest rates between 0.0% and the bank's prime rate plus 2.0% (2024 – 0.0% and the bank's prime rate plus 2.0%) per annum, with maturity dates from 2026 to 2074 (2024 – 2025 to 2074)	$ 43	$ 43
Energy loans receivable from organizations to enable the implementation of green initiative projects across the City bearing interest rates between 0.0% and 4.5% (2024 – 0.0% to 4.5%) per annum, with maturity dates from 2026 to 2054 (2024 – 2025 to 2054)	37	38
TCHC promissory notes, loan agreements and receivables, bearing interest rates between 3.0% and 6.0% (2024 – 3.0% to 6.0%) per annum with maturity dates from 2027 to 2057 (2024 – 2025 to 2057)	23	88
Other	12	13
Total loans receivable	**$ 115**	**$ 182**

4. Other assets

	2025	2024
Restricted cash	$ 32	$ 35
Other	18	20
Total other assets	**$ 50**	**$ 55**

Other consists of individual balances that are immaterial for disclosure purposes.

5. Investments

	2025	2024
Government bonds	$ 2,296	$ 2,135
Corporate bonds	2,157	1,984
Equities	1,744	1,572
Money market instruments	925	2,040
Pooled real estate funds	354	353
Mortgages	271	187
Foreign corporate bonds	85	118
Other	2	2
Total investments	**$ 7,834**	**$ 8,391**

The Toronto Investment Board manages the funds not immediately required by the City, as well as managing the City's investments in accordance with the City's investment standards and Council-approved investment policy.

Government bonds include bonds held in trust by the City's insurance carrier as collateral for the provision of automobile and primary liability insurance with a carrying value of $54 (2024 – $58).

Included in the City's government bonds portfolio are City of Toronto debentures at coupon rates varying from 2.6% to 3.5% (2024 – 2.6% to 4.6%) with a carrying value of $8 (2024 – $53).

Included in Equities are investments held by TAF with a carrying value of $92 (2024 – $90). TAF funds its work through proceeds from the investment of endowments received from the City, the provincial government and the federal government. Under the TAF Act, the City's Chief Financial Officer and Treasurer is the custodian and has oversight of the TAF funds. These endowments are managed by TAF in accordance with the Statement of Investment Objectives and Principles, approved by the TAF Board of Directors and adopted by City Council and the investments relate to marketable securities and private equity investments.

6. Investments in government business enterprises (GBEs)

Government business enterprises consist of 100% interest in Toronto Hydro Corporation and Toronto Parking Authority. In 2025, City Council continues to advance its previously approved investment plan to support critical capital infrastructure upgrades at Toronto Hydro. Following a $50 million special equity investment in 2024, the plan provides for ongoing annual investments of $25 million from 2025 through 2034, for a total commitment of $300 million. This funding supports Toronto Hydro in addressing urgent and essential capital needs to maintain safe, reliable, and resilient electricity services.

	2025	2024
Toronto Hydro Corporation	$ 2,357	$ 2,189
Toronto Parking Authority	349	348
Total investments in GBEs	**$ 2,706**	**$ 2,537**

The book value continuity of the City's GBEs is as follows:

	2025	2024
Balance – beginning of year	$ 2,537	$ 2,428
Additional investment in Toronto Hydro Corporation	25	50
Income from operations (Appendix 1)	236	175
Distribution to City (Appendix 1)	(93)	(117)
Other (Appendix 1)	1	1
Balance – end of year (Appendix 1)	**$ 2,706**	**$ 2,537**

6. Investments in GBEs (cont.)

GBE earnings on the Consolidated Statement of Operations and Accumulated Surplus consist of the following:

		2025		2024
Income from operations (Appendix 1)	$	236	$	175
Other (Appendix 1)		1		1
GBE earnings	**$**	**237**	**$**	**176**

Condensed audited financial results for each government business enterprise are disclosed in Appendix 1, Consolidated schedule of government business enterprises.

Related party transactions between the City and its GBEs are as follows:

		2025		2024
Street-lighting, electricity, and maintenance services purchased by the City from Toronto Hydro Corporation	$	335	$	286
Property taxes paid to the City from Toronto Parking Authority		21		22
Property taxes paid to the City from Toronto Hydro Corporation		4		4
Rent expense paid to the City from Toronto Parking Authority		3		3
Total related party transactions	**$**	**363**	**$**	**315**

Principal repayments of unsecured long-term debt of the City's GBEs are as follows:

	Due to others
2026	$ 200
2027	-
2028	-
2029	200
2030	200
Thereafter	2,995
Total	**$ 3,595**

Repayments relate to Toronto Hydro Corporation's long-term debt series with interest rates ranging from 1.5% to 5.5% (2024 – 1.5% to 5.5%) per annum and maturity dates ranging between 2026 to 2063 (2024 – 2026 to 2063), and Toronto Parking Authority's debt payable relating to the purchase of equipment upgrades, bearing an effective interest rate of 2.3% (2024 – 2.3%) per annum and matured and discharged (2024 – $0.4) on June 30, 2025.

7. Bank indebtedness

The City has an unsecured demand revolving credit facility in the amount of $100 (2024 – $100) bearing interest at the bank prime rate with an effective rate during 2025 of 1.6% (2024 – 1.6%) per annum.

TCHC has a committed revolving credit facility of $200 (2024 – $200) that is available for short-term advances and letters of credit, with standby charges of 0.2%. Short-term advances are available by way of a prime loan at the bank prime rate and bankers' acceptances (BAs) at the bank BA rate plus 1.1%. Short-term drawings of $125 (2024 – $18) have been made in 2025. TCHC is in compliance with all bank covenants.

		2025		2024
TCHC	$	125	$	18
City, net of outstanding cheques		7		48
Other		4		-
Total bank indebtedness	**$**	**136**	**$**	**66**

8. Accounts payable and accrued liabilities

	2025	2024
Trade payables and accruals	$ 4,044	$ 3,532
Tax appeal assessments on property taxes	382	363
Salary and wages payable	312	306
Total accounts payable and accrued liabilities	**$ 4,738**	**$ 4,201**

[Remainder of page intentionally left blank.]

9. Deferred revenue

Deferred revenue includes balances received in the current and prior years that must be spent on growth related infrastructure, or specific goods and services, which will be delivered in future fiscal years. Deferred revenue also includes unrealized gains and losses on restricted sinking fund investments. These amounts are not available for other purposes to ensure compliance with agreements, performance obligations or legislation.

	2025				2024			
	Opening balance	Additions	Recognized to income	Ending balance	Opening balance	Additions	Recognized to income	Ending balance
Advance payments received according to Provincial legislation or agreements	$ 5,164	$ 6,507	$ (6,890)	$ 4,781	$ 5,415	$ 7,826	$ (8,077)	$ 5,164
Advance payments received according to third party agreements	1,689	1,114	(797)	2,006	1,470	1,070	(851)	1,689
Advance payments received according to Federal legislation or agreements	563	330	(541)	352	290	839	(566)	563
Advance payments received for goods and services	323	508	(502)	329	300	679	(656)	323
Unrealized gains/ losses on sinking fund investments	47	-	6	53	42	81	(76)	47
Other advance payments	105	632	(512)	225	35	351	(281)	105
Total deferred revenue	**$ 7,891**	**$ 9,091**	**$ (9,236)**	**$ 7,746**	**$ 7,552**	**$ 10,846**	**$ (10,507)**	**$ 7,891**

The following balances are included in the above deferred revenue amounts. The other balance includes various initiatives, including: Housing Accelerator of $175 (2024 – $343), National Child Benefit Supplement of $31 (2024 – $31), Federal Social Housing of $10 (2024 – $15) and other smaller initiatives, which are individually immaterial for disclosure purposes.

9. Deferred revenue (cont.)

The following table provides a summary of significant components included in the City's deferred revenue balance:

	2025				2024			
	Opening balance	Additions	Recognized to income	Ending balance	Opening balance	Additions	Recognized to income	Ending balance
Development charges	$ 2,843	$ 543	$ (929)	$ 2,457	$ 3,108	$ 944	$ (1,209)	$ 2,843
Water / wastewater capital payments	1,606	1,112	(788)	1,930	1,375	1,069	(838)	1,606
Parkland acquisitions / development	965	413	(407)	971	997	219	(251)	965
Section 37 / 45 of the Planning Act	698	100	(92)	706	615	120	(37)	698
Building Code Act service improvement	233	18	(17)	234	-	594	(358)	236
Toronto-Ontario New Deal	236	232	(304)	164	230	21	(18)	233
Advance payments for building permits	151	116	(126)	141	235	6	(62)	179
Government transfers	137	4,478	(4,496)	119	146	122	(117)	151
Rapid Housing Initiative	179	-	(61)	118	411	5,709	(5,983)	137
Unrealized gains/ losses on sinking fund investments	47	-	6	53	42	81	(76)	47
Canada Community-Building Fund	3	184	(187)	-	16	478	(491)	3
Other advance payments received	793	1,895	(1,835)	853	377	1,483	(1,067)	793
Total deferred revenue	**$ 7,891**	**$ 9,091**	**$ (9,236)**	**$ 7,746**	**$ 7,552**	**$ 10,846**	**$ (10,507)**	**$ 7,891**

10. Provision for property and liability claims

	2025	2024
Property and liability claims provision	$ 363	$ 359
TTC unsettled accident claims	144	136
Total provision for property and liability claims	**$ 507**	**$ 495**

The City's insurance program is administered through a combination of self-insurance and coverage with insurance carriers. The City maintains a corporate insurance reserve fund of $21 (2024 – $45) that can be used to finance payments for vehicle, property and liability insurance claim payments, as well as related legal and adjusting expenses.

11. Environmental and contaminated site liabilities

	2025	2024
Contaminated site liabilities	$ 289	$ 254
TTC environmental liabilities	18	18
Total environmental and contaminated site liabilities	**$ 307**	**$ 272**

Environmental and contaminated site liabilities are based on internal expert assessments and/or third-party engineering reports covering estimated costs of remediating sites with known contamination for which City entities are responsible. Given that the estimate of environmental liabilities is based on a number of assumptions, such as remediation methods and average industry remediation rates, actual costs may vary. The estimated amounts of future remediation costs are reviewed annually based on available information and governing legislation, as well as adjusted to account for annual increases in remediation costs.

Liability for contaminated sites held by TPLC

TPLC owns a number of properties that are not in productive use, where contamination exceeds environmental standards. Although TPLC is responsible for each of these properties, the anticipated land use is not known at this time, therefore, no remediation efforts have been planned. However, in accordance with PS 3260 – Liability for Contaminated Sites, recognizing the uncertainty of the remediation action plan until use of this land is known, management has taken a risk management approach to determine a liability of $226 (2024 – $205), which is an undiscounted balance, at December 31, 2025. While certain contaminated properties may require additional remediation once the land use is known, at this time, it has been determined that risk can be mitigated through the management or containment of the contaminants, where appropriate, through a combination of engineered and operating measures. Management will continue to monitor this risk and update the liability when conditions change or use is known with greater certainty.

12. Mortgages payable

	2025	2024
TCHC secured mortgages, collateralized by TCHC housing properties, with interest rates between 0.7% and 11% (2024 – 0.7% and 11%) per annum and maturity dates ranging from 2026 to 2055 (2024 – 2025 to 2054)	$ 558	$ 490
Total mortgages payable	**$ 558**	**$ 490**

Mortgages payable have been presented in accordance with the City's accounting policy (Note 1).

Principal repayments on mortgages are due as follows:

	2025
2026	$ 35
2027	36
2028	34
2029	29
2030	26
Thereafter	435
Total	**$ 595**

Principal repayments made in 2025 were $34 (2024 – $31) on the TCHC mortgages.

13. Long-term debt

	2025	2024
Unsecured debentures issued by the City, bearing interest at various rates ranging from 0.0% to 5.3% (2024 – 0.0% to 5.3%), maturing from 2026 to 2055 (In 2024 – 2025 to 2054)	$ 8,746	$ 8,379
Unsecured green bonds issued by the City, bearing interest at various rates ranging from 2.2% to 4.4% (2024 – 2.2% to 4.4%), maturing from 2031 to 2048 (In 2024 – 2031 to 2048)	1,442	1,251
Unsecured social bonds issued by the City, bearing interest at 1.6% to 4.6% (2024 – 1.6% to 4.6%), maturing from 2030 to 2054 (2024 – 2030 to 2054)	1,020	841
Less: sinking fund deposits bearing interest at rates between 2.0% to 4.0% (2024 – 2.0% to 4.0%)	(3,205)	(2,872)
Unsecured debentures, net of sinking fund deposits	**8,003**	**7,599**
TCHC loans from Infrastructure Ontario secured by various floating and fixed income investments at floating and fixed rates between 2.8% and 4.9% (2024 – 2.8% and 4.5%), subject to financial covenants, maturing between 2043 to 2055 (2024 – 2043 to 2051). TCHC is compliant with all financial covenants as at December 31, 2025	774	771
TCHC debentures, unsecured, consisting of Series A bonds of $250 at 4.9% (2024 – $250 at 4.9%), maturing in 2037 (2024 – 2037) and Series B bonds of $200 at 5.4% (2024 – $200 at 5.4%), maturing in 2040 (2024 – 2040)	465	481
TCHC non-revolving, 10-year loan to assist with the financing of the construction for Phase 1 of its Building Renewal Program, which was completed in 2009. The loan was provided at a fixed interest rate of 3.4% with repayment beginning March 15, 2018	6	9
Lakeshore Arena Corporation credit facilities from Infrastructure Ontario, secured by a property mortgage, a general security agreement and assignments of rents and leases, bearing interest at 3.5%, with a maturity date of October 31, 2042	19	20
Consolidated entities debentures	**1,264**	**1,281**
Total net long-term debt	**$ 9,267**	**$ 8,880**

The City's ability to issue long-term debt is governed by Provincial legislation. Long-term debt can only be issued to finance capital expenditures. In addition, long-term debt has been presented with the City's accounting policy (Note 1). As at December 31, 2025, long-term debt has been measured and recognized at fair value.

The gross interest paid in 2025 was $462 (2024 – $422), and the principal repayments total $600 (2024 – $550). Principal and interest payments are repayable annually, as follows:

	Principal	Interest	Total
2026	$ 671	$ 483	$ 1,154
2027	647	469	1,116
2028	581	459	1,040
2029	589	458	1,047
2030	539	440	979
Thereafter	7,202	5,609	12,811
Total	**$ 10,229**	**$ 7,918**	**$ 18,147**

14. Employee benefit liabilities

a. Description of benefits

The City provides post retirement benefit plans for hospital, extended healthcare, drug, dental and life insurance benefits; amounts include health care spending accounts for Toronto Firefighters and the Toronto Police Service. Post-employment benefit plans provide income benefits for employees on Long-Term Disability (LTD) and the continuation of benefits (hospital, extended health care, drug, dental and life insurance) in respect thereof; accumulated sick leave benefits; and self-insured WSIB Benefits (for Schedule 2 employers).

The most recent actuarial valuation was completed as at December 31, 2024. The next actuarial valuation for post-retirement and post-employment benefits is scheduled to be performed on December 31, 2027.

	2025	2024
Sick leave benefits	$ 406	$ 411
Worker Safety Insurance Board (WSIB) obligations	1,271	1,186
Other employment and post-employment benefits	2,234	2,236
Total employee accrued benefit obligation	**3,911**	**3,833**
Unamortized actuarial gain	1,082	1,097
Total employee benefit liabilities	**$ 4,993**	**$ 4,930**

b. Reconciliation of the plan assets and accrued benefit obligation, based on the actuarial assessment, to the amounts in the Consolidated Statement of Financial Position:

	2025			
	Post-retirement and post-employment	TTC pension plan (Note 14, h(ii))	City pension plans (Note 14, h(iii))	Total
Accrued benefit obligation (Note 14(c))	$ 3,911	$ 3,626	$ 100	$ 7,637
Fair value of plan assets (Note 14(d))	-	4,831	159	4,990
Funding deficit (surplus)	**3,911**	**(1,205)**	**(59)**	**2,647**
Unamortized actuarial gain	1,082	-	-	1,082
Valuation allowance	-	1,205	59	1,264
Employee benefit liability (Note 14(e))	**$ 4,993**	**$ -**	**$ -**	**$ 4,993**

	2024			
	Post-retirement and post-employment	TTC pension plan	City pension plans	Total
Accrued benefit obligation	$ 3,833	$ 3,428	$ 115	$ 7,376
Fair value of plan assets	-	4,596	161	4,757
Funding deficit (surplus)	**3,833**	**(1,168)**	**(46)**	**2,619**
Unamortized actuarial gain	1,097	29	-	1,126
Valuation allowance	-	1,139	46	1,185
Employee benefit liability	**$ 4,930**	**$ -**	**$ -**	**$ 4,930**

c. Continuity of the accrued benefit obligation, in aggregate:

	2025			
	Post-retirement and post-employment	**TTC pension plan** (Note 14, h(ii))	**City pension plans** (Note 14, h(iii))	**Total**
Balance – beginning of year	$ 3,834	$ 3,429	$ 115	$ 7,378
Current service cost	337	97	-	434
Interest cost	158	230	5	393
Actuarial (gain) loss	(68)	29	(6)	(45)
Benefits paid	(347)	(239)	(14)	(600)
Plan amendments	(3)	80	-	77
Others	-	-	-	-
Balance – end of year	**$ 3,911**	**$ 3,626**	**$ 100**	**$ 7,637**

	2024			
	Post-retirement and post-employment	**TTC pension plan**	**City pension plans**	**Total**
Balance – beginning of year	$ 4,046	$ 3,157	$ 124	$ 7,327
Current service cost	408	86	-	494
Interest cost	165	220	6	391
Actuarial (gain) loss	(410)	90	1	(319)
Benefits paid	(335)	(232)	(16)	(583)
Plan amendments	10	107	-	117
Others	(51)	-	-	(51)
Balance – end of year	**$ 3,833**	**$ 3,428**	**$ 115**	**$ 7,376**

d. Continuity of the plan assets:

	2025			
	Post-retirement and post-employment	**TTC pension plan** (Note 14, h(ii))	**City pension plans** (Note 14, h(iii))	**Total**
Balance – beginning of year	$ -	$ 4,596	$ 161	$ 4,757
Employer contributions	347	171	-	518
Actual return on assets	-	306	12	318
TTC pension administrative expenses	-	(3)	-	(3)
Benefits paid	(347)	(239)	(14)	(600)
Balance – end of year	**$ -**	**$ 4,831**	**$ 159**	**$ 4,990**

d. Continuity of the plan assets (cont.):

	2024			
	Post-retirement and post-employment	**TTC pension plan**	**City pension plans**	**Total**
Balance – beginning of year	$ -	$ 4,159	$ 159	$ 4,318
Employer contributions	335	156	-	491
Actual return on assets	-	516	18	534
TTC pension administrative expenses	-	(3)	-	(3)
Benefits paid	(335)	(232)	(16)	(583)
Balance – end of year	**$ -**	**$ 4,596**	**$ 161**	**$ 4,757**

The City has established reserve funds to help reduce the future impact of the employee benefit obligation. As at December 31, 2025, the balance in the Employee Benefits Reserve Fund was $572 (2024 – $551), which includes $101 (2024 – $79) for Sick Leave and $12 (2024 – $15) for WSIB.

e. Continuity of the City's employee benefit liabilities, in aggregate:

	2025			
	Post-retirement and post-employment	**TTC pension plan** (Note 14, h(ii))	**City pension plans** (Note 14, h(iii))	**Total**
Balance – beginning of year	$ 4,930	$ -	$ -	$ 4,930
Current service cost	337	100	-	437
Interest cost (revenue)	158	(71)	(2)	85
Amortization of actuarial gain	(82)	(3)	(11)	(96)
Employer contributions	(347)	(171)	-	(518)
Plan amendments	(3)	80	-	77
Change in valuation allowance	-	65	13	78
Others	-	-	-	-
Balance – end of year	**$ 4,993**	**$ -**	**$ -**	**$ 4,993**

	2024			
	Post-retirement and post-employment	**TTC pension plan**	**City pension plans**	**Total**
Balance – beginning of year	$ 4,810	$ -	$ -	$ 4,810
Current service cost	408	89	-	497
Interest cost (revenue)	165	(60)	(2)	103
Amortization of actuarial gain	(77)	(118)	(8)	(203)
Employer contributions	(335)	(156)	-	(491)
Plan amendments	10	107	-	117
Change in valuation allowance	-	138	10	148
Others	(51)	-	-	(51)
Balance – end of year	**$ 4,930**	**$ -**	**$ -**	**$ 4,930**

f. Total expenses related to these employee benefits include the following:

	2025			
	Post-retirement and post-employment	TTC pension plan (Note 14, h(ii))	City pension plans (Note 14, h(iii))	Total
Current service cost	$ 337	$ 100	$ -	$ 437
Interest cost (revenue)	158	(71)	(2)	85
Amortization of actuarial gain	(82)	(3)	(11)	(96)
Plan amendments	(3)	80	-	77
Change in valuation allowance	-	65	13	78
Total expenses	**$ 410**	**$ 171**	**$ -**	**$ 581**

	2024			
	Post-retirement and post-employment	TTC pension plan	City pension plans	Total
Current service cost	$ 408	$ 89	$ -	$ 497
Interest cost (revenue)	165	(60)	(2)	103
Amortization of actuarial gain	(77)	(118)	(8)	(203)
Plan amendments	10	107	-	117
Change in valuation allowance	-	138	10	148
Total expenses	**$ 506**	**$ 156**	**$ -**	**$ 662**

g. Sick leave benefits, WSIB obligations, and post-retirement and post-employment benefits:

The following is a list of actuarial assumptions compiled from actuarial valuations completed for 2025:

	Discount rate for accrued benefit obligation		Discount rate for benefit costs	
	2025	2024	2025	2024
Post-employment	3.4% to 4.0%	3.5% to 3.8%	3.5% to 3.8%	3.5% to 4.0%
Post-retirement	4.4% to 4.6%	4.3% to 4.4%	4.3% to 4.4%	4.2%
Sick leave	3.6% to 4.4%	3.7% to 4.2%	3.7% to 4.2%	3.7% to 4.1%
WSIB	4.1% to 4.2%	3.9% to 4.0%	3.9% to 4.0%	4.0%
Rate of compensation increase	2.5% to 4.8%	2.5% to 5.3%	2.5% to 4.8%	2.5% to 5.3%
Health care inflation – LTD, hospital and other medical	4.9% to 5.8%	5.0% to 5.8%	4.0% to 5.5%	4.0% to 5.6%
Health care inflation – dental care	3.0% to 4.0%	3.0% to 4.0%	3.0% to 4.0%	3.0% to 4.0%
Health care inflation – drugs	5.8% to 6.2%	5.8% to 6.4%	6.0% to 10.0%	6.0% to 10.0%

For 2025 benefit costs and year end 2025 benefit obligations, the health care inflation rate for LTD, hospital, other medical, and drugs is assumed to reduce to a range of 4.0% to 5.0% by 2030 based on the latest actuarial valuation.

h. Pension benefits

i. OMERS pension plan

The City makes contributions to the Ontario Municipal Employees' Retirement System plan (OMERS), a multi-employer pension plan, on behalf of most of its employees. The plan is a defined benefit plan that specifies the retirement benefit to be received by employees based on length of service and rates of pay. Employees and employers contribute equally to the plan.

The City does not recognize any share of the pension plan deficit based on the fair market value of OMERS assets, as the plan is managed by OMERS and the City does not share risk or control of decisions in the plan administration, benefits, or contributions. The plan is a joint pension plan of all Ontario municipalities and their employees. Employer contributions for current service amounted to $302 (2024 – $264) and are expensed in the Consolidated Statement of Operations and Accumulated Surplus. Employees' contributions amounted to $302 (2024 – $264). The City is current with all payments to OMERS. As at December 31, 2025, OMERS has a deficit of $1,322 (2024 – deficit $2,913).

The date of the most recently filed actuarial valuation for funding purposes for the OMERS Primary Pension Plan was December 31, 2024. The next required filing of an actuarial valuation for funding purposes will be performed with a date no later than December 31, 2027.

ii. TTC pension plan

The TTC participates in a defined benefit pension plan (TTC Pension Fund). The TTC Pension Fund is administrated by the Toronto Transit Commission Pension Fund Society (Society), a separate legal entity. The Board of Directors (Board) of the Society consists of 10 voting members, five of whom are appointed from the Toronto Transit Commission and five are appointed from the Amalgamated Transit Union Local 113 (ATU). Pursuant to the Sponsors Agreement between the ATU and the TTC, the TTC Pension Fund was registered as a Jointly Sponsored Pension Plan (JSPP) effective January 1, 2011.

The plan is accounted for as a joint defined benefit plan as the TTC and its employees jointly share the risk in the plan and share control of decisions related to the plan administration and to the level of benefits and contributions on an ongoing basis. The TTC is required to account for its portion of the plan (i.e. 50%) and therefore, recognized 50% of the pension expense incurred during the year and 50% of the plan's assets and obligations.

Effective January 1, 2019, in lieu of the TTC paying the administrative expenses of the Society directly, the TTC and the Society agreed that the TTC would make a fixed contribution to the Society each January. The fixed contribution is adjusted annually based on the Toronto consumer price index.

The plan covers substantially all employees of the TTC (and the Society) who have completed six months of continuous service. Under the plan, contributions are made by the plan members and matched by the TTC (or the Society, as an employer). The contribution rates are set by the Board, subject to the funding requirements determined in the actuarial report and subject to the limitations in the Sponsors Agreements between ATU and the TTC.

The plan provides pensions to members, based on a formula that factors in the length of credited service and best four years of pensionable earnings up to a base year. A formula exists that sets a target for pensioner increases. The Board of Directors of the Society make decisions with respect to affordable pension formula updates, pension indexing and plan improvements based on the results of the most recent funding valuation and the priorities set out in the plan's by-laws and funding policy.

Effective January 1, 2025 the base year for the TTC pension plan and the funded supplemental pension plans was updated to December 31, 2024 from December 31, 2023. In addition, the survivor benefit date was updated to January 1, 2025 (from January 1, 2024) and an ad hoc increase of up to 2.69% (December 31, 2024 – 4.77%) was granted to all pensioners. The TTC's share of the prior service cost of these plan amendments have been reflected in the Consolidated Statement of Operations and Accumulated Surplus.

The effective date of the most recent actuarial valuation for funding purposes for the TTC Pension Fund was January 1, 2025. The next required actuarial valuation for funding purposes will be performed as at January 1, 2026. The effective date of the most recent valuation for accounting purposes was December 31, 2025.

ii. TTC pension plan (cont.)

Actuarial assumptions for the TTC Pension Plan are as follows:

	2025	2024
Discount rate	6.5%	6.6%
Actual rate of return on plan assets	7.2%	12.9%
Expected rate of return on plan assets	6.6%	6.8%
Rate of increase in salaries	2.5% to 4.8%	2.5% to 5.3%
Inflation rate	2.0%	2.0%

iii. City pension plan

The City continues to administer the Toronto Fire Department Superannuation and Benefit Fund, a defined benefit pension plan that provides benefits to employees who were employed prior to the establishment of the OMERS pension plan. The plan covers a closed group of employees hired prior to July 1, 1968 and provides for pensions based on length of service and final average earnings. The overall accounting valuation for funding purposes for the City's pension plan was completed on December 31, 2025. The next required accounting valuation for funding purposes will be performed as at December 31, 2026.

As at December 31, 2025, there were 158 (2024 – 184) fire pensioners with an average age of 86.2 years (2024 – 85.7 years) and 248 (2024 – 264) survivors and beneficiaries with an average age of 85.2 years (2024 – 84.9 years), in receipt of a pension. Pension payments during the year were $14 (2024 – $16). Given that there are no active members in the plan, there are no contributions being made into the plan.

The financial status of the City pension plan, which includes assets that will be distributed to members in future fiscal years, as at December 31, 2025 is as follows:

	2025			2024
	Pension assets – market value, end of year	Actuarial pension obligation, end of year	Net actuarial surplus	Net actuarial surplus
Toronto Firefighters Pension Plan	$ 159	$ 100	$ 59	$ 46
Total City pension plan	**$ 159**	**$ 100**	**$ 59**	**$ 46**

Actuarial assumptions for the Toronto Fire Department Superannuation and Benefit Plan:

	2025	2024
Discount rate	4.9%	5.2%
Actual rate of return on plan assets	8.4%	11.0%
Expected rate of return on plan assets	4.9%	5.2%
Inflation rate	2.0%	2.0%

15. Asset retirement obligations

The City's asset retirement obligations are as follows:

	2025					
	December 31, 2024	Additions	Settlements	Accretion expense	Change in estimates	December 31, 2025
Buildings	$ 816	$ 14	$ (6)	$ -	$ 3	$ 827
Landfills	138	-	(9)	6	11	146
Other	51	1	(2)	-	-	50
Total asset retirement obligations	**$ 1,005**	**$ 15**	**$ (17)**	**$ 6**	**$ 14**	**$ 1,023**

	2024					
	December 31, 2023	Additions	Settlements	Accretion expense	Change in estimates	December 31, 2024
Buildings	$ 808	$ 11	$ (7)	$ -	$ 4	$ 816
Landfills	135	-	(9)	5	7	138
Other	50	2	(1)	-	-	51
Total asset retirement obligations	**$ 993**	**$ 13**	**$ (17)**	**$ 5**	**$ 11**	**$ 1,005**

a. Buildings

The City owns and operates a significant number of buildings and other structures that are known to contain asbestos. Asbestos is a designated substance declared as a human carcinogen for which the removal and disposal are regulated through legislation. Therefore the City has recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings and other structures.

The estimated liability associated with the removal and post-removal care of asbestos in City owned buildings and other structures is based on the undiscounted expected cost of the activities required to settle the legal obligation. Site assessment reports that include the type and quantity of contamination are used with experience and expert advice to determine the cost of retiring asbestos. The estimated cost for retirement activities as at December 31, 2025 was $827 (2024 – $816).

b. Landfills

The City owns a number of landfill sites for which closure and post-closure activities are prescribed through legislation. Therefore a liability for the closure of operational sites and post-closure care has been recognized.

i. Active landfill sites

In 2007, the City acquired the Green Lane Landfill, securing the City's long-term disposal requirements. The landfill is projected to reach its approved capacity by the end of 2034, based on Toronto achieving a 70% residential waste diversion rate. The post-closure care period is expected to occur in perpetuity.

The estimated liability for the care of this landfill site is the present value of future cash flows associated with closure and post-closure costs, adjusted for estimated inflation and discounted using the City's average long-term borrowing rate of 4.64% (2024 – 4.39%). The estimated present value of future expenditures for closure and post-closure as at December 31, 2025 was $26 (2024 – $26).

In order to help reduce the future impact of these obligations, the City has established a reserve fund for the care of these sites. This reserve fund account is included as part of the State of Good Repair Reserve Fund.

	2025	2024
Green Lane Perpetual Care Reserve Fund (GLPC)	**$ 12**	$ 11

i. Active landfill sites (cont.)

2025 contributions to the GLPC reserve of $1 (2024 – $1) are based on a contribution rate of $2.50 (2024 – $2.46) per tonne of waste disposed. This rate is updated annually.

ii. Inactive landfill sites

The estimated liability for the care of 160 inactive landfill sites is the present value of future cash flows associated with closure and post-closure costs, adjusted for estimated inflation and discounted using the City's average long-term borrowing rate of 4.64% (2024 – 4.39%). The estimated present value of future expenditures for post-closure care as at December 31, 2025 was $120 (2024 – $111).

In order to help reduce the future impact of these obligations, the City has established a reserve fund for the care of these sites and maintains a trust fund to satisfy the requirements of the Ministry of the Environment, Conservation and Parks. The Solid Waste Management Perpetual Care Reserve Fund is included as part of the State of Good Repair Reserve Fund.

		2025		2024
Solid Waste Management Perpetual Care Reserve Fund	**$**	**16**	$	16

c. Other obligations

Other obligations include $27 (2024 – $27) relating to the dismantling of a decommissioned rail transit structure as required by land easement agreements and $18 (2024 – $19) relating to activities associated with the retirement of fuel storage tanks as required by legislation.

16. Inventories

		2025		2024
Inventories	$	357	$	282
Properties held for resale		-		3
Total inventories	**$**	**357**	**$**	**285**

[Remainder of page intentionally left blank.]

17. Tangible capital assets

	2025			2024
	Cost	Accumulated amortization	Net book value	Net book value
General				
Land	$ 4,703	$ -	$ 4,703	$ 4,595
Land improvements	6,785	2,978	3,807	3,219
Buildings and building improvements	13,792	5,026	8,766	8,019
Machinery and equipment	3,863	2,509	1,354	1,202
Motor vehicles	3,805	2,221	1,584	1,322
Total general	**32,948**	**12,734**	**20,214**	**18,357**
Infrastructure				
Land	235	-	235	140
Buildings and building improvements	1,507	381	1,126	857
Machinery and equipment	3,537	1,879	1,658	1,657
Water and wastewater linear	10,861	3,141	7,720	6,718
Roads linear	7,268	3,065	4,203	3,825
Transit	13,375	6,508	6,867	6,592
Total infrastructure	**36,783**	**14,974**	**21,809**	**19,789**
Assets under construction	**6,720**	**-**	**6,720**	**7,271**
Total tangible capital assets	**$ 76,451**	**$ 27,708**	**$ 48,743**	**$ 45,417**

The value of donated assets received during the year was $16 (2024 – $22).

Further details associated with tangible capital assets can be found in Schedule 1, Consolidated schedule of tangible capital assets.

[Remainder of page intentionally left blank.]

18. Accumulated operating surplus

	2025	2024
Historical deficit	$ (1,119)	$ (206)
Reserves and reserve funds (a)	5,468	5,607
Net investment in TCA (b)	37,588	34,770
Liabilities to be funded from future revenues (c)	(5,500)	(5,425)
Total accumulated operating surplus	**$ 36,437**	**$ 34,746**
(a) Reserves and reserve funds		
Reserves:		
Corporate	405	646
Stabilization	811	662
Water and wastewater	111	61
Donations	2	2
Total reserves	**1,329**	**1,371**
Reserve funds:		
Employee benefits	692	651
Corporate	3,010	3,115
Community initiatives	160	158
State of Good Repair (Note 15)	277	312
Total reserves funds	**4,139**	**4,236**
Total reserves and reserve funds	**$ 5,468**	**$ 5,607**
(b) Net investment in TCA		
Tangible capital assets (Note 17)	48,743	45,417
Mortgages payable (Note 12)	(558)	(490)
Long-term debt (Note 13)	(9,267)	(8,880)
Environmental and contaminated site liabilities (Note 11)	(307)	(272)
Asset retirement obligations (Note 15)	(1,023)	(1,005)
Total net investment in TCA	**$ 37,588**	**$ 34,770**
(c) Liabilities to be funded from future revenues		
Employee benefit liabilities (Note 14)	(4,993)	(4,930)
Provision for property and liability claims (Note 10)	(507)	(495)
Total liabilities to be funded from future revenues	**$ (5,500)**	**$ (5,425)**

19. Contingent assets and liabilities

a. Contingent assets

In the ordinary course of business, various claims and lawsuits are brought by the City. It is the opinion of management that the settlement of these actions will result in the City's favour and that the settlement amounts will be available for the City's use. These contingent assets are not recorded or disclosed in the Statements, as the City is unable to reasonably estimate their value at this time.

b. Contingent legal liabilities

In the normal course of its operations, labour relations, and completion of capital projects, the City is subject to various litigations, arbitrations, and claims. Where the occurrence of a future event is considered likely to result in a loss with respect to an existing condition and potential liability is reasonably estimated, amounts have been included in accrued liabilities. Management believes that the ultimate disposition of the matters will not materially exceed the provisions recorded in the accounts. In other cases when the ultimate outcome of the claims cannot be determined at this time, any additional losses related to claims will be recorded in the period during which the liability is determinable. Amounts recorded in the accounts have not been disclosed in the Statements as disclosure may adversely impact the outcome. Management's estimate is based on an analysis of specific claims and historical experience with similar claims.

c. Loan and line of credit guarantees

The City currently guarantees operating lines of credit and capital loans under Council approved policies for organizations that have a financial relationship with the City. The City monitors the status of these lines of credit, loans, and the financial position of the organizations. As at December 31, 2025 all loans and lines of credit are in good standing and no provision has been recorded in the Statements (2024 – $nil). Organizations that have received a guarantee from the City also pledged various assets for security purposes.

i. Loan guarantees

Loan guarantees provided by the City are to support the capital initiatives of organizations that will assist in increasing participation in sports, recreation, culture and community-based activities. The total amount of all capital loan guarantees provided by the City under the policy for capital loan guarantees is limited to an aggregate total of $300, with individual loan guarantees being limited to a maximum of $10 unless otherwise approved by Council.

In 2025, the City provided capital loan guarantees to various organizations amounting to $35 (2024 – $28). The City's guarantees are set to expire between 2026 and 2049 (2024 – 2025 and 2049).

ii. Line of credit guarantees

The intended purpose of line of credit guarantees is to enable culture and community-based organizations to obtain a line of credit for operational cash requirements in the event no other economic resources are available. Organizations are required to submit audited financial statements and business plans to demonstrate their financial viability and capacity to repay the funds on an annual basis. The City is authorized to provide line of credit guarantees of $10 in aggregate.

In 2025, the City provided line of credit guarantees that have an aggregate value of $6 (2024 – $6).

20. Contractual rights and obligations

a. Contractual rights

The City is involved with various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources, leading to both assets and revenues in the future.

i. City of Toronto:

	Amounts to be received:						
Contractual rights	**2026**	**2027**	**2028**	**2029**	**2030**	**Thereafter**	**Total**
City of Toronto Lease agreements (ranging from 12 to 82 years remaining)	$ 10	$ 10	$ 10	$ 10	$ 10	$ 571	$ 621
Street Furniture Program	39	-	-	-	-	-	39
Hospitality agreements related to FIFA	11	-	-	-	-	-	11
Total contractual rights	**$ 60**	**$ 10**	**$ 10**	**$ 10**	**$ 10**	**$ 571**	**$ 671**

ii. City agencies, corporations, and government business enterprises:

	Amounts to be received:						
Contractual rights	**2026**	**2027**	**2028**	**2029**	**2030**	**Thereafter**	**Total**
Advertising agreement with Pattison Outdoor Advertising LP	$ 34	$ 35	$ 36	$ 37	$ 38	$ 119	$ 299
Meridian Credit Union naming rights sponsorship agreement	2	2	2	2	2	9	19
Total contractual rights	**$ 36**	**$ 37**	**$ 38**	**$ 39**	**$ 40**	**$ 128**	**$ 318**

b. Contractual obligations

The City and its consolidated entities have entered into various agreements and contracts for goods, services and planned capital activity to support the delivery of services to residents and businesses.

The City's procurement of goods and services are completed in accordance with the City's purchasing by-law (Municipal Code Chapter 195, Purchasing), which requires that City Council authorization to negotiate, enter into, and execute significant agreements and contracts. The City's most significant contractual obligations and estimates of amounts payable over the coming years have been summarized in the below tables:

i. City of Toronto

	Amounts to be paid in:						
Commitments	**2026**	**2027**	**2028**	**2029**	**2030**	**Thereafter**	**Total**
Various agreements for purchase of goods and services for multiple capital projects	$ 470	$ 396	$ 222	$ 86	$ 38	$ 56	$ 1,268
Service agreements for winter maintenance services	170	175	173	173	173	230	1,094
Various agreements for purchase of goods and services for miscellaneous operational needs	277	190	95	82	61	-	705
SmartTrack Stations program	129	128	150	124	114	49	694
Service agreements for curbside collection services	34	51	50	51	47	114	347
Toronto Waterfront enabling infrastructure contract	16	21	66	71	70	69	313
Construction of New Etobicoke Civic Center	125	186	-	-	-	-	311
Construction and engineering services agreements for the Basement Flooding Protection Program	58	53	37	30	11	72	261

i. City of Toronto (cont.)

	Amounts to be paid in:						
Commitments	**2026**	**2027**	**2028**	**2029**	**2030**	**Thereafter**	**Total**
Service agreements for waste transport services and collection of waste materials	28	38	40	41	42	53	242
Broadview Eastern flood protection agreement	29	57	59	12	-	-	157
Construction agreements for the Ashbridge's Bay Treatment Plant	40	34	43	23	1	7	148
Highland Creek Treatment Plant Biosolids Implementation Project and South Facility Upgrades Project	19	19	26	26	25	30	145
Contracts with non-profit organizations for additional shelter services	106	9	9	9	-	-	133
Construction of New Western North York Community Recreation and Childcare Centre	31	32	47	-	-	-	110
School Crossing Guard Services	37	37	25	-	-	-	99
Construction of a new Paramedic Station	53	35	-	-	-	-	88
Construction and engineering services agreements for the F.G. Gardiner Expressway	27	43	4	6	7	-	87
Delivery agreement for Quayside Projects	55	14	9	5	-	-	83
Toronto Community Crisis Services	26	25	25	-	-	-	76
Construction and professional services for the Humber Treatment Plant rehabilitation and upgrades project	15	15	13	12	-	-	55
Waterfront Toronto Lakeshore bridge extension	51	-	-	-	-	-	51
Provision of operations and maintenance services Dufferin Organic Processing Facility	13	14	13	10	-	-	50
Total commitments	**$ 1,809**	**$ 1,572**	**$ 1,106**	**$ 761**	**$ 589**	**$ 680**	**$ 6,517**

ii. City agencies, corporations, and government business enterprises:

	Amounts to be paid in:						
Commitments	**2026**	**2027**	**2028**	**2029**	**2030**	**Thereafter**	**Total**
Agreement for the purchase of 70 train sets to the TTC	$ 113	$ 125	$ 255	$ 223	$ 325	$ 1,174	$ 2,215
Various agreements for the purchase of goods and services for multiple TTC capital projects	232	157	79	38	14	7	527
Train Operating and Funding Agreement (TOFA) with Metrolinx associated with the new Eglinton Crosstown LRT (Line 5) operations	33	34	35	36	37	202	377
Agreement for the provision of 390 Battery Electric Buses to the TTC – 312 delivered to date	195	-	-	-	-	-	195
Various agreements for the purchase of goods and services for multiple TCHC capital projects	116	9	-	-	48	-	173
Train Operating and Servicing Agreement (TOSA) with Metrolinx associated with the Finch West LRT (Line 6) operations	14	14	15	15	16	86	160
Various agreements for the purchase of goods and services for multiple Toronto Zoo capital projects	43	-	-	-	-	-	43
Agreement for the provision of 279 Wheel-Trans buses to the TTC – 222 delivered to date	9	4	10	-	-	-	23
Agreement for the provision of 264 Light Rail vehicles to the TTC – 264 delivered to date	4	15	-	-	-	-	19
Various agreements for the purchase of goods and services for the Toronto Parking Authority capital projects and operational needs	-	-	16	-	-	-	16
Total commitments	**$ 759**	**$ 358**	**$ 410**	**$ 312**	**$ 440**	**$ 1,469**	**$ 3,748**

c. Lease commitments

At December 31, 2025, the City is committed to future minimum annual operating lease payments, mainly for facilities and equipment. Lease commitments over the next five years and thereafter are as follows:

	2025
2026	$ 150
2027	114
2028	105
2029	56
2030	14
Thereafter	69
Total lease commitments	**$ 508**

21. Budget data

Budget data presented in these Statements is based on the 2025 operating and capital budgets approved by City Council on February 11, 2025. Adjustments to budgeted values were required to provide comparative budget figures based on the full accrual basis of accounting, which includes the capitalization of capital expenditures (i.e., recognition of TCA), as well as the recognition of debt proceeds as a liability and non-cash expenditures such as amortization on TCAs. The following chart reconciles the approved cash-based budget with the budget figures as presented in these Statements:

	Approved by Council:					Total adjusted budget
	Operating	Capital	Non-levy	Consolidated entities	Adjustments	
Revenues:						
Property taxes and taxation from other governments	$ 6,343	$ -	$ -	$ -	$ (103)	$ 6,240
Government transfers	4,719	968	1	2,236	(2,147)	5,777
User charges	2,166	1,199	2,131	1,177	(2,981)	3,692
Municipal land transfer tax	986	-	-	-	-	986
Development charges	-	784	-	-	-	784
Rent and concessions	64	-	-	478	-	542
Investment income	268	-	-	-	(8)	260
Other revenue sources	2,488	3,198	108	184	(4,968)	1,010
Total revenues	**17,034**	**6,149**	**2,240**	**4,075**	**(10,207)**	**19,291**
Expenses:						
Transportation	3,575	2,590	186	2,818	(4,445)	4,724
Social and family services	4,779	156	-	-	(263)	4,672
Protection to persons and property	2,308	195	-	-	(39)	2,464
Environmental services	133	1,397	2,054	-	(1,872)	1,712
Social housing	554	590	-	802	(523)	1,423
General government	3,740	433	-	-	(2,870)	1,303
Recreation and cultural services	1,212	611	-	455	(1,302)	976
Health services	661	52	-	-	(35)	678
Planning and development	72	125	-	-	30	227
Total expenses	**17,034**	**6,149**	**2,240**	**4,075**	**(11,319)**	**18,179**
Annual surplus	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,112**	**$ 1,112**

The below table summarizes the adjustments that were required to convert the City's Council approved budgets to PSAS-compliant budgets. Other adjustments required for accrual accounting include re-classifications between revenues and expenses ($346), internal cost recoveries ($346), and other individual adjustments that are immaterial for disclosure purposes.

21. Budget data (cont.)

		2025
Revenue adjustments		
Eliminations for consolidated entities' budgets – revenues	$	(4,057)
Contributions to the City's operating fund, capital fund, and reserve and discretionary reserve funds		(3,073)
Proceeds from the issuance of long-term debt		(2,429)
Other adjustments required for accrual accounting		(648)
Total revenue adjustments	**$**	**(10,207)**
Expenditure adjustments		
Eliminations for consolidated entities' budgets – expenditures	$	(4,087)
Capitalization of tangible capital assets and recognition of amortization		(3,163)
Withdrawals from City's operating fund, capital fund and reserve and discretionary reserve funds		(2,797)
Debt principal repayments		(552)
Other adjustments required for accrual accounting		(720)
Total expenditure adjustments	**$**	**(11,319)**

22. Property taxes and taxation from other governments

		2025		2024
Tax levies from annual return of the property assessment roll	$	6,047	$	5,615
Tax levies from supplementary and omitted returns of the property assessment roll		78		74
Payments in lieu of tax		91		94
Heads and beds levy on public hospitals, provincial mental health facilities, universities, colleges, and correctional institutions		21		21
Other		4		4
Total property taxes and taxation from other governments	**$**	**6,241**	**$**	**5,808**

23. Government transfers

a. Government transfers by function

		2025		2024
Social and family services	$	3,370	$	3,006
Transportation		906		764
Health services		407		390
Planning and development		235		72
General government		122		122
Social housing		117		193
Protection to persons and property		78		63
Environmental services		6		36
Recreation and cultural services		102		23
Total transfers by function	**$**	**5,343**	**$**	**4,669**

b. Government transfers by source

	2025	2024
Operating transfers		
Federal	$ 1,072	$ 883
Provincial	3,066	2,937
Other	19	30
Total operating transfers	**4,157**	**3,850**
Capital transfers		
Federal	782	406
Provincial	402	409
Other	-	1
Total capital transfers	**1,184**	**816**
Other transfers	**2**	**3**
Total transfers by source	**$ 5,343**	**$ 4,669**

In November 2023, through the New Deal for the City, a commitment of $600 in provincial funding over three fiscal years was publicly announced to help address financial pressures in the City's emergency shelter system. The City recognized the final $200 (2024 – $200) of revenue for costs associated with the provision of emergency shelters.

The City recognized $241 (2024 – $262) as part of the Government of Canada's Interim Housing Assistance Program. These additional transfer payments were provided by the federal government to recognize the City's efforts in offering interim housing services to asylum claimants in 2025.

In December 2023, the City approved the Ontario-Toronto New Deal Agreement (the New Deal), which included the Province's commitment to provide various government grants for the purpose of assisting the City with its long-term financial sustainability. The New Deal focused on providing government grants for essential service areas: Housing and Transportation. In 2025, the City recognized and received $145 (2024 – $214) of provincial grants to accelerate the construction and traffic mitigation measures for the Gardiner Expressway and Don Valley Parkway (DVP), as well as $100 (2024 – $100) of provincial grants to be used for subway and transit safety, recovery and sustainable operations.

The City received and recognized $58 (2024 – $31) of grants as part of the Building Faster Fund (BFF) program, which is designed to help municipalities pay for critical housing-enabling infrastructure and other related costs that support community growth.

Further details associated with government transfers can be found in Appendix 2, Consolidated schedule of segment disclosure – service.

24. Other revenue sources

	2025	2024
Hotel, lodging and sign tax	$ 165	$ 128
Utilities cut and other recoveries	140	163
Sale of properties and recycled materials	63	81
Other income	1,110	565
Total other revenue sources	**$ 1,478**	**$ 937**

Other income consists of individual balances that are immaterial for disclosure purposes.

25. Total expenses

	2025	2024
Salaries, wages and benefits	$ 7,997	$ 7,642
Contracted services	2,903	2,205
Transfer payments to agencies, corporations, and other external organizations	2,201	2,083
Amortization (Schedule 1)	2,113	1,793
Materials	1,710	1,743
Interest on long-term debt	483	437
Other	621	283
Total expenses	**$ 18,028**	**$ 16,186**

Further details associated with the City's expenses can be found in Appendix 2, Consolidated schedule of segment disclosure – service.

26. Fair value hierarchy and risk management

a. Fair value hierarchy

The fair value hierarchy of the City's financial instruments as at December 31, 2025 is as follows:

	2025			
	Level 1	Level 2	Level 3	Total
Investments	$ 7,506	$ 328	$ -	$ 7,834
Bank indebtedness	-	136	-	136
Mortgages payable	-	558	-	558
Long-term debt	7,937	1,330	-	9,267
Total	**$ 15,443**	**$ 2,352**	**$ -**	**$ 17,795**

	2024			
	Level 1	Level 2	Level 3	Total
Investments	$ 7,156	$ 1,235	$ -	$ 8,391
Bank indebtedness	-	66	-	66
Mortgages payable	-	490	-	490
Long-term debt	7,515	1,365	-	8,880
Total	**$ 14,671**	**$ 3,156**	**$ -**	**$ 17,827**

There were no transfers between levels during 2025.

b. Risk management

The City's activities expose it to a range of financial risks, including credit risk, liquidity risk, and market risk (which includes interest rate risk and other price risk). The City's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the City's financial performance.

Credit risk

Credit risk on financial instruments is the risk of financial loss occurring as a result of default or insolvency of a counterparty on its obligations to the City. The City is subject to credit risk with respect to its fixed income investments, accounts receivable, and loans receivable.

b. Risk management (cont.)

The fair value of the investment in debt securities represents the maximum credit risk exposure at the date of the Statements. Credit risk is managed by the City's internal investment managers, as well as third-party investment managers, which are responsible for regular monitoring of credit exposures. The credit quality of financial assets is generally assessed by reference to external credit ratings where available, or to historical information about counterparty default rates. The City further mitigates its credit risk by limiting its investment portfolio to investments at the investment grade.

The City's exposure to credit risk associated with accounts receivable is assessed as low as a significant portion is due from other governments. A provision is recognized for any doubtful accounts, further mitigating credit risk.

With respect to loans receivable, the City manages and controls credit risk by dealing primarily with recognized, creditworthy third parties (Note 3).

Liquidity risk

Liquidity risk is the risk that the City will encounter difficulty in meeting obligations associated with its financial liabilities. The City is subject to liquidity risk through its accounts payable and debt. To manage its liquidity risk, the City performs extensive budgeting exercises, ongoing monitoring of its short-term cash flows, and has highly liquid securities that can be easily converted to cash to ensure it meets all short-term obligations. The City also has access to other liquid resources, such as council-directed reserve funds and revolving credit facilities. Furthermore, accounts payable are primarily due and settled within 30 days of receipt of an invoice. The contractual maturities of mortgages payable and long-term debt are disclosed in Notes 12 and 13, respectively.

Market risk

Market risk is the risk that the fair value of future cash flows of investments and debt will fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. Market risk encompasses a variety of financial risks, such as foreign currency risk, interest rate risk, and other price risk. The City recognizes that it is subject to market risk primarily through interest rate risk and other price risk.

i. Interest rate risk:

Interest rate risk is the risk that either future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates. The City is exposed to significant interest rate risk as a result of fixed income investments and fixed and floating rate debt.

- ***Fixed income investments:***

  The City is exposed to the risk of fluctuation in the fair value of its fixed income investments due to changes in interest rates. The City invests in debt instruments with varying terms to maturity. Those in the short-term investment portfolio have terms to maturity of eighteen months or less and as such have minimal sensitivity to changes in interest rates since these debt instruments have short maturity profiles and are usually held to maturity. However, debt instruments in the long-term investment portfolio are traded frequently at a high volume and rarely held to maturity – these have a greater sensitivity to changes in interest rates, which can cause fluctuations in fair value. For every 1% increase in the public market interest rates, the fair value of the investments held by the City as at December 31, 2025 would have decreased by approximately $316 (2024 – $324). For every 1% decline in public market interest rates, the fair value of the investments held by the City as at December 31, 2025 would have increased by approximately $316 (2024 – $324).

- ***Fixed and floating rate debt carried at fair value:***

  The City's net long-term debt, comprised mainly of debentures and mortgages, have lengthy terms and are not extinguished until maturity. They are therefore sensitive to changes in interest rates, which can cause fluctuations in fair value. For every 1% increase in public market interest rates, the net long-term debt held by the City as at December 31, 2025 would have decreased by $136 (2024 – $141). For every 1% decrease in public market interest rates, the net long-term debt held by the City as at December 31, 2025 would have increased by $152 (2024 – $159).

b. Risk management (cont.)

ii. Other price risk:

Other price risk refers to the risk that the fair value of financial instruments or future associated cash flows will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The City is exposed to other price risk due to its investments in a variety of marketable securities, including equities and fixed income instruments. Risk and volatility of investment returns are mitigated through diversification of investments. To minimize other price risk, the City operates within the constraints of an investment policy. Compliance to this policy is monitored by management, the Toronto Investment Board, and Council.

27. Comparative information

Certain 2024 comparative information have been regrouped from the Statements previously presented, to conform with the presentation adopted in 2025.

[Remainder of page intentionally left blank.]

Schedule 1: Consolidated schedule of tangible capital assets

As at and for the year ended December 31, 2025

	Cost						Accumulated Amortization				Net book value
	Beginning	Additions	Disposals / transfers	Revaluation	Donated	Ending	Beginning	Amortization	Disposals	Ending	
General											
Land	$ 4,595	$ 155	$ (47)	$ -	$ -	$ 4,703	$ -	$ -	$ -	$ -	$ 4,703
Land improvements	5,795	977	(2)	-	15	6,785	2,576	402	-	2,978	3,807
Buildings and building improvements	12,700	1,098	(6)	-	-	13,792	4,681	349	(4)	5,026	8,766
Machinery and equipment	3,543	425	(106)	-	1	3,863	2,341	274	(106)	2,509	1,354
Motor vehicles	3,383	561	(89)	(50)	-	3,805	2,061	269	(109)	2,221	1,584
Total general	**30,016**	**3,216**	**(250)**	**(50)**	**16**	**32,948**	**11,659**	**1,294**	**(219)**	**12,734**	**20,214**
Infrastructure											
Land	140	95	-	-	-	235	-	-	-	-	235
Buildings and building improvements	1,194	313	-	-	-	1,507	337	44	-	381	1,126
Machinery and equipment	3,440	103	-	(6)	-	3,537	1,783	98	(2)	1,879	1,658
Water and wastewater linear	9,715	1,146	-	-	-	10,861	2,997	144	-	3,141	7,720
Roads linear	6,797	548	(77)	-	-	7,268	2,972	163	(70)	3,065	4,203
Transit	12,750	647	(22)	-	-	13,375	6,158	370	(20)	6,508	6,867
Total infrastructure	**34,036**	**2,852**	**(99)**	**(6)**	**-**	**36,783**	**14,247**	**819**	**(92)**	**14,974**	**21,809**
Assets under construction	**7,271**	**2,206**	**(2,743)**	**(14)**	**-**	**6,720**	**-**	**-**	**-**	**-**	**6,720**
Total	**$ 71,323**	**$ 8,274**	**$ (3,092)**	**$ (70)**	**$ 16**	**$ 76,451**	**$ 25,906**	**$ 2,113**	**$ (311)**	**$ 27,708**	**$ 48,743**

Schedule 1: Consolidated schedule of tangible capital assets

As at and for the year ended December 31, 2024

	Cost						Accumulated Amortization				
	Beginning	Additions	Disposals / transfers	Revaluation	Donated	Ending	Beginning	Amortization	Disposals	Ending	Net book value
General											
Land	$ 4,530	$ 68	$ (10)	$ -	$ 7	$ 4,595	$ -	$ -	$ -	$ -	$ 4,595
Land improvements	5,432	350	(1)	-	14	5,795	2,336	240	-	2,576	3,219
Buildings and building improvements	12,209	504	(13)	-	-	12,700	4,376	310	(5)	4,681	8,019
Machinery and equipment	3,292	326	(76)	-	1	3,543	2,155	263	(77)	2,341	1,202
Motor vehicles	3,235	326	(178)	-	-	3,383	2,003	234	(176)	2,061	1,322
Total general	**28,698**	**1,574**	**(278)**	**-**	**22**	**30,016**	**10,870**	**1,047**	**(258)**	**11,659**	**18,357**
Infrastructure											
Land	140	-	-	-	-	140	-	-	-	-	140
Buildings and building improvements	1,036	158	-	-	-	1,194	302	35	-	337	857
Machinery and equipment	3,402	38	-	-	-	3,440	1,688	95	-	1,783	1,657
Water and wastewater linear	9,085	633	(3)	-	-	9,715	2,869	129	(1)	2,997	6,718
Roads linear	6,289	508	-	-	-	6,797	2,831	141	-	2,972	3,825
Transit	12,112	659	(21)	-	-	12,750	5,833	346	(21)	6,158	6,592
Total infrastructure	**32,064**	**1,996**	**(24)**	**-**	**-**	**34,036**	**13,523**	**746**	**(22)**	**14,247**	**19,789**
Assets under construction	**6,484**	**2,177**	**(1,390)**	**-**	**-**	**7,271**	**-**	**-**	**-**	**-**	**7,271**
Total	**$ 67,246**	**$ 5,747**	**$ (1,692)**	**$ -**	**$ 22**	**$ 71,323**	**$ 24,393**	**$ 1,793**	**$ (280)**	**$ 25,906**	**$ 45,417**

Appendix 1: Consolidated schedule of government business enterprises

As at and for the year ended December 31, 2025 with comparatives to 2024

Condensed financial results ($)	Toronto Hydro Corporation		Toronto Parking Authority		Total	
Fiscal year ended	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Financial position						
Assets						
Current	$ 615	$ 616	$ 85	$ 96	$ 700	$ 712
Capital	7,799	7,180	305	307	8,104	7,487
Other	251	339	38	38	289	377
Total assets	**8,665**	**8,135**	**428**	**441**	**9,093**	**8,576**
Liabilities						
Current	978	1,075	77	91	1,055	1,166
Long-term	5,319	4,860	2	2	5,321	4,862
Total liabilities	**6,297**	**5,935**	**79**	**93**	**6,376**	**6,028**
Net equity	**$ 2,368**	**$ 2,200**	**$ 349**	**$ 348**	**$ 2,717**	**$ 2,548**
City's share (Note 6)	**$ 2,357**	**$ 2,189**	**$ 349**	**$ 348**	**$ 2,706**	**$ 2,537**
Results of operations						
Revenues	$ 4,385	$ 4,006	$ 165	$ 169	$ 4,550	$ 4,175
Expenses	4,182	3,874	131	125	4,313	3,999
Net income	**$ 203**	**$ 132**	**$ 34**	**$ 44**	**$ 237**	**$ 176**
City's share (Note 6)	**$ 203**	**$ 132**	**$ 34**	**$ 44**	**$ 237**	**$ 176**
Distribution to City (Note 6)	60	84	33	33	93	117
Net book value of assets sold from the City to Toronto Hydro Corporation	11	11	-	-	11	11

Appendix 2: Consolidated schedule of segment disclosure — service

As at and for the year ended December 31, 2025

	General government	Protection to persons and property	Transportation	Environmental	Health	Social and family	Social housing	Recreation and cultural	Planning and development	Consolidated
Taxation*	$ 7,029	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,029
User charges	180	241	1,286	1,643	1	70	18	224	67	3,730
Government transfers	122	78	906	6	407	3,370	117	102	235	5,343
Net GBE income	237	-	-	-	-	-	-	-	-	237
Other	813	119	690	322	11	23	486	783	133	3,380
Total revenues	**8,381**	**438**	**2,882**	**1,971**	**419**	**3,463**	**621**	**1,109**	**435**	**19,719**
Salaries, wages, and benefits	653	2,248	2,260	299	504	887	277	749	120	7,997
Materials	342	45	444	171	30	334	175	148	21	1,710
Contracted services	216	51	777	262	30	1,175	177	177	38	2,903
Interest on long-term debt	37	8	259	12	1	37	84	21	24	483
Transfer payments	(119)	29	2	140	53	1,549	362	165	20	2,201
Other	251	22	135	59	2	26	85	37	4	621
Amortization	143	64	1,017	439	6	8	301	128	7	2,113
Total expenses	**1,523**	**2,467**	**4,894**	**1,382**	**626**	**4,016**	**1,461**	**1,425**	**234**	**18,028**
Annual surplus (deficit)	**$ 6,858**	**$ (2,029)**	**$ (2,012)**	**$ 589**	**$ (207)**	**$ (553)**	**$ (840)**	**$ (316)**	**$ 201**	**$ 1,691**

*Taxation revenues are allocated to General Government for presentation purposes however fund all divisional activities and consolidated entities as required.

Appendix 2: Consolidated schedule of segment disclosure — service

As at and for the year ended December 31, 2024

	General government	Protection to persons and property	Transportation	Environmental	Health	Social and family	Social housing	Recreation and cultural	Planning and development	Consolidated
Taxation*	$ 6,636	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,636
User charges	100	298	1,280	1,601	1	69	18	209	34	3,610
Government transfers	122	63	764	36	390	3,006	193	23	72	4,669
Net GBE income	176	-	-	-	-	-	-	-	-	176
Other	1,088	103	600	322	3	44	505	367	79	3,111
Total revenues	**8,122**	**464**	**2,644**	**1,959**	**394**	**3,119**	**716**	**599**	**185**	**18,202**
Salaries, wages, and benefits	683	2,196	2,108	333	468	815	254	699	86	7,642
Materials	199	81	565	170	25	347	159	172	25	1,743
Contracted services	165	39	614	238	28	890	104	102	25	2,205
Interest on long-term debt	39	7	236	13	1	36	74	16	15	437
Transfer payments	(148)	56	(3)	139	48	1,543	258	125	65	2,083
Other	147	16	18	12	1	40	32	16	1	283
Amortization	133	57	922	271	6	7	286	109	2	1,793
Total expenses	**1,218**	**2,452**	**4,460**	**1,176**	**577**	**3,678**	**1,167**	**1,239**	**219**	**16,186**
Annual surplus (deficit)	**$ 6,904**	**$ (1,988)**	**$ (1,816)**	**$ 783**	**$ (183)**	**$ (559)**	**$ (451)**	**$ (640)**	**$ (34)**	**$ 2,016**

*Taxation revenues are allocated to General Government for presentation purposes however fund all divisional activities and consolidated entities as required.

Appendix 3: Consolidated schedule of segment disclosure — entity

As at and for the year ended December 31, 2025

	City	Toronto Police Service	Toronto Transit Commission	Toronto Public Library	Toronto Community Housing Corporation	Other Agencies and Corporations	Total
Taxation*	$ 7,029	$ -	$ -	$ -	$ -	$ -	$ 7,029
User charges	2,493	65	1,036	3	18	115	3,730
Government transfers	4,451	75	620	6	117	74	5,343
Net GBE income	237	-	-	-	-	-	237
Other	2,667	59	253	54	485	(138)	3,380
Total revenues	**16,877**	**199**	**1,909**	**63**	**620**	**51**	**19,719**
Salaries, wages, and benefits	3,872	1,492	2,035	204	240	154	7,997
Materials	1,210	20	218	3	173	86	1,710
Contracted services	2,148	39	440	44	176	56	2,903
Interest on long-term debt	402	5	-	-	75	1	483
Transfer payments	4,075	(5)	(1,561)	82	(178)	(212)	2,201
Other	423	13	91	3	83	8	621
Amortization	879	52	838	43	287	14	2,113
Total expenses	**13,009**	**1,616**	**2,061**	**379**	**856**	**107**	**18,028**
Annual surplus (deficit)	**$ 3,868**	**$ (1,417)**	**$ (152)**	**$ (316)**	**$ (236)**	**$ (56)**	**$ 1,691**

*Taxation revenues are allocated to City for presentation purposes to fund all consolidated entities as required.

Appendix 3: Consolidated schedule of segment disclosure — entity

As at and for the year ended December 31, 2024

	City	Toronto Police Service	Toronto Transit Commission	Toronto Public Library	Toronto Community Housing Corporation	Other Agencies and Corporations	Total
Taxation*	$ 6,636	$ -	$ -	$ -	$ -	$ -	$ 6,636
User charges	2,390	56	1,034	1	18	111	3,610
Government transfers	3,924	60	442	6	193	44	4,669
Net GBE income	176	-	-	-	-	-	176
Other	2,174	47	325	19	501	45	3,111
Total revenues	**15,300**	**163**	**1,801**	**26**	**712**	**200**	**18,202**
Salaries, wages, and benefits	3,790	1,473	1,832	184	221	142	7,642
Materials	1,167	55	267	3	157	94	1,743
Contracted services	1,622	28	385	41	103	26	2,205
Interest on long-term debt	359	5	-	-	72	1	437
Transfer payments	3,825	16	(1,366)	43	(215)	(220)	2,083
Other	182	5	48	4	27	17	283
Amortization	636	46	768	54	276	13	1,793
Total expenses	**11,581**	**1,628**	**1,934**	**329**	**641**	**73**	**16,186**
Annual surplus (deficit)	**$ 3,719**	**$ (1,465)**	**$ (133)**	**$ (303)**	**$ 71**	**$ 127**	**$ 2,016**

*Taxation revenues are allocated to City for presentation purposes to fund all consolidated entities as required.