

**THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

THE CORPORATION OF THE TOWN OF ORANGEVILLE
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YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Orangeville, which comprise the consolidated statement of financial position as at December 31, 2025 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis of 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 Consolidated Financial Statements section of our report. We are independent of The Corporation of the Town of Orangeville in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 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 corporation'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 corporation'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 consolidated 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 corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



Guelph, Ontario
June 23, 2026

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash	\$ 67,465,635	\$ 72,098,576
Restricted cash	4,971,872	4,764,363
Temporary investments (note 2)	16,524,491	21,709,481
Taxes receivable	4,738,989	4,216,320
Accounts receivable	8,130,102	7,956,365
Investments in government business enterprises (note 3)	<u>13,537,745</u>	<u>12,907,143</u>
	<u>115,368,834</u>	<u>123,652,248</u>
LIABILITIES		
Accounts payable and accrued liabilities	9,902,022	8,880,899
Deferred revenue (note 5)	11,687,704	19,270,701
Long term debt (note 7)	20,374,381	27,785,342
Post employment benefits (note 6)	1,880,162	1,774,582
Asset retirement obligations (note 9)	<u>331,485</u>	<u>401,948</u>
	<u>44,175,754</u>	<u>58,113,472</u>
NET FINANCIAL ASSETS	<u>71,193,080</u>	<u>65,538,776</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2) (note 4)	261,626,952	243,360,284
Inventory	527,050	531,285
Prepaid expenses	<u>515,392</u>	<u>284,358</u>
	<u>262,669,394</u>	<u>244,175,927</u>
ACCUMULATED SURPLUS (schedule 3)	<u>\$ 333,862,474</u>	<u>\$ 309,714,703</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 Budget (note 16)	2025 Actual	2024 Actual
REVENUES (schedule 1)			
Taxation	\$ 45,018,913	\$ 44,935,473	\$ 42,614,796
Fees and user charges	18,882,712	22,358,027	17,802,438
Grants (note 12)	11,275,414	6,975,212	5,182,499
Other income (note 11)	20,746,292	14,583,195	14,034,255
Equity income from Orangeville Hydro Limited	475,000	1,086,419	833,936
	<u>96,398,331</u>	<u>89,938,326</u>	<u>80,467,924</u>
EXPENDITURES (schedule 1)			
General government	16,180,660	13,884,935	14,452,868
Protection services	14,973,416	13,750,525	12,641,679
Transportation services	12,690,084	10,991,135	10,581,863
Environmental services	16,598,673	15,154,293	13,991,370
Health services	261,180	171,044	118,308
Recreation services	9,571,862	9,591,197	8,273,235
Planning and development	2,367,669	2,247,426	2,122,746
	<u>72,643,544</u>	<u>65,790,555</u>	<u>62,182,069</u>
ANNUAL SURPLUS	23,754,787	24,147,771	18,285,855
ACCUMULATED SURPLUS, beginning of year	<u>309,714,703</u>	<u>309,714,703</u>	<u>291,428,848</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 333,469,490</u>	<u>\$ 333,862,474</u>	<u>\$ 309,714,703</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 Budget (note 16)	2025 Actual	2024 Actual
Annual surplus	\$ <u>23,754,787</u>	\$ <u>24,147,771</u>	\$ <u>18,285,855</u>
Acquisition of tangible capital assets	(72,438,519)	(28,369,266)	(25,053,652)
Amortization of tangible capital assets	10,102,598	10,102,598	8,695,177
Gain on disposal of tangible capital assets	(60,000)	(129,265)	(1,204,679)
Proceeds on disposal of tangible capital assets	<u>60,000</u>	<u>129,265</u>	<u>1,210,028</u>
	<u>(62,335,921)</u>	<u>(18,266,668)</u>	<u>(16,353,126)</u>
Change in inventory	0	4,235	(518,100)
Change in prepaid expenses	<u>0</u>	<u>(231,034)</u>	<u>75,319</u>
	<u>0</u>	<u>(226,799)</u>	<u>(442,781)</u>
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	\$ <u><u>(38,581,134)</u></u>	5,654,304	1,489,948
NET FINANCIAL ASSETS at beginning of year		<u>65,538,776</u>	<u>64,048,828</u>
NET FINANCIAL ASSETS at end of year		\$ <u><u>71,193,080</u></u>	\$ <u><u>65,538,776</u></u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus for the year	\$ 24,147,771	\$ 18,285,855
Items not requiring an outlay of cash		
Equity income from Orangeville Hydro Limited	(1,086,419)	(833,936)
Amortization of tangible capital assets	10,102,598	8,695,177
Gain on disposal of tangible capital assets	<u>(129,265)</u>	<u>(1,204,679)</u>
	33,034,685	24,942,417
Changes in non-cash working capital		
Accounts receivable	(173,737)	1,500,619
Prepaid expenses	(231,034)	75,319
Inventory	4,235	(518,100)
Taxes receivable	(522,669)	(812,386)
Accounts payable and accrued liabilities	1,021,123	1,984,490
Post employment benefits	105,580	82,553
Asset retirement obligations	(70,463)	(49,488)
Deferred revenue	<u>(7,582,997)</u>	<u>(4,504,044)</u>
	<u>25,584,723</u>	<u>22,701,380</u>
CASH USED IN FINANCING ACTIVITIES		
Debt principal repayments	<u>(7,410,961)</u>	<u>(2,756,895)</u>
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(28,369,266)	(25,053,652)
Proceeds on disposal of capital assets	<u>129,265</u>	<u>1,210,028</u>
	<u>(28,240,001)</u>	<u>(23,843,624)</u>
CASH PROVIDED BY INVESTING ACTIVITIES		
Dividends from Orangeville Hydro Limited	<u>455,817</u>	<u>478,184</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,610,422)	(3,420,955)
NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>98,572,420</u>	<u>101,993,375</u>
NET CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 88,961,998</u>	<u>\$ 98,572,420</u>
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash	\$ 67,465,635	\$ 72,098,576
Restricted cash	4,971,872	4,764,363
Temporary investments	<u>16,524,491</u>	<u>21,709,481</u>
	<u>\$ 88,961,998</u>	<u>\$ 98,572,420</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

(a) ACKNOWLEDGEMENT OF RESPONSIBILITY

The consolidated financial statements of the Corporation of the Town of Orangeville are the representation of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of Chartered Professional Accountants Canada.

(b) REVENUE RECOGNITION

Taxation revenues are recognized as described in paragraph (n). Grants are recognized as described in paragraph (m). Fees and user charges are recognized when the related service is provided.

Investment income earned on surplus funds (other than obligatory funds) are reported in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

Other income is recognized when received or receivable and collection is reasonably assured.

(c) USE OF ESTIMATES

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates made by management include the useful lives of tangible capital assets, the valuation of accounts receivable, accrued liabilities, post employment benefits and asset retirement obligations.

(d) BASIS OF CONSOLIDATION

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Town of Orangeville Library Board
Town of Orangeville Business Improvement Area
Orangeville Railway Development Corporation
Orangeville OPP Detachment Board

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) BASIS OF CONSOLIDATION (continued)

Government business enterprises and partnerships are separate legal entities which do not rely on the municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. The following government business enterprises are reflected in the consolidated financial statements:

Orangeville Hydro Limited - 94.50%

(e) FINANCIAL INSTRUMENTS

The municipality classifies all of its financial instruments at amortized cost. The maximum exposure to credit risk is the carrying value of the financial instruments. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument. Writedowns of financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net realizable value with the writedown being recognized in the consolidated statement of operations.

(f) CASH AND CASH EQUIVALENTS

The Town considers short term, highly liquid investments with chartered banking institutions and an original maturity of one year or less to be cash equivalents.

(g) INVENTORY

Inventory held for consumption are measured at the lower of cost and replacement cost.

(h) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets. The useful life of the assets is based on estimates made by Council. The following rates and methods are used:

Land improvements	15	years straight line basis
Buildings	15-40	years straight line basis
Roads	15-40	years straight line basis
Water and sewer systems	40	years straight line basis
Equipment	5-20	years straight line basis
Vehicles	5-9	years straight line basis

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

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) TANGIBLE CAPITAL ASSETS (continued)

The Town capitalizes interest costs associated with the acquisition or construction of a tangible capital asset until long term financing is put in place.

The financial information recorded includes the actual or estimated historical cost of tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets.

(i) INTANGIBLE ASSETS

Intangible assets, art and historic treasures, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources, are not recognized in these consolidated financial statements.

(j) NON-FINANCIAL ASSETS

Non-financial assets have useful lives that extend beyond the current year and are not intended for sale in the ordinary course of business. These assets do not normally provide resources to discharge the liabilities of the municipality unless they are sold.

(k) DEFERRED REVENUE

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position.

The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

(l) COUNTY AND SCHOOL BOARDS

The municipality collects taxation revenue on behalf of the County of Dufferin and the school boards. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the County of Dufferin and the school boards are not reflected in these consolidated financial statements.

(m) GOVERNMENT TRANSFERS

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability, in which case, it is initially recognized as deferred revenue. This revenue is recognized in the consolidated statement of operations as the transfer stipulations are settled.

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) **TAXATION AND RELATED REVENUES**

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Town Council, incorporating amounts to be raised for local services. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings.

Taxation revenues are recorded at the time tax billings are issued. Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.

The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

(o) **TRUST FUNDS**

Funds held in trust by the municipality, and their related operations, are not included in these consolidated financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of financial position and statement of continuity.

(p) **POST EMPLOYMENT BENEFITS**

The municipality provides post-employment health, dental and life insurance benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered.

Defined contribution plan accounting is applied to the municipality's multi-employer defined benefit pension plan.

2. TEMPORARY INVESTMENTS

	2025	2024
Unrestricted One Investment Program	\$ 4,892,562	\$ 4,732,673
Restricted term deposits	<u>11,631,929</u>	<u>16,976,808</u>
	<u>\$ 16,524,491</u>	<u>\$ 21,709,481</u>

Investments have a market value of \$16,566,703 (2024 - \$22,118,950) at the end of the year.

The municipality has externally restricted funds that are segregated and will be used only for specific purposes. Restricted term deposits earn interest at 2.65% (2024 - 4.32% to 5.00%) and mature between May 5, 2026 and June 8, 2026 (2024 - March 10, 2025 to May 7, 2025).

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

3. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

The Town of Orangeville owns a 94.50% interest in Orangeville Hydro Limited:

	2025	2024
Investment in common shares	\$ 7,815,535	\$ 7,815,535
Net equity	<u>5,722,210</u>	<u>5,091,608</u>
	<u>\$ 13,537,745</u>	<u>\$ 12,907,143</u>

Condensed financial results for the government business enterprises are disclosed in note 15.

Related party transactions between the municipality and its government business enterprises are as follows:

	2025	2024
Expenses		
Streetlighting maintenance, water and sewer billing charge from Orangeville Hydro Limited	\$ <u>560,490</u>	\$ <u>496,497</u>

Orangeville Hydro Limited also collects water and sewage billings on behalf of the municipality and remits the amounts to the municipality on a monthly basis.

4. TANGIBLE CAPITAL ASSETS

The net book value of tangible capital assets not being amortized because they are under construction is \$32,856,036 (2024 - \$26,537,718). The assets under construction include land improvements, buildings, roads, water and sewer systems and equipment.

The municipality holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the consolidated financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

5. DEFERRED REVENUE

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 6,917,654	\$ 48,860	\$ 343,057	\$ (6,579,687)	\$ 729,884
Building permits	(237,242)	0	323	(347,788)	(584,707)
Recreational land	1,981,194	62,200	32,908	(8,364)	2,067,938
MTO transit program	66,669	294,473	128	(350,000)	11,270
Transportation grants	3,072,496	1,603,548	59,644	(2,649,319)	2,086,369
Federal gas tax	4,713,157	987,973	79,544	(1,367,898)	4,412,776
Other	<u>129,422</u>	<u>160</u>	<u>2,114</u>	<u>(131,696)</u>	<u>0</u>
	<u>16,643,350</u>	<u>2,997,214</u>	<u>517,718</u>	<u>(11,434,752)</u>	<u>8,723,530</u>
Other					
Grants	310	22,340	79	0	22,729
Tax levies	2,338,815	2,637,879	0	(2,338,815)	2,637,879
Deposits	<u>288,226</u>	<u>33,705</u>	<u>0</u>	<u>(18,365)</u>	<u>303,566</u>
	<u>2,627,351</u>	<u>2,693,924</u>	<u>79</u>	<u>(2,357,180)</u>	<u>2,964,174</u>
	<u>\$19,270,701</u>	<u>\$ 5,691,138</u>	<u>\$ 517,797</u>	<u>\$ (13,791,932)</u>	<u>\$11,687,704</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

6. POST EMPLOYMENT BENEFITS

The municipality provides certain benefits, including retirement benefits and other post-employment benefits, to its employees. The employee benefits liabilities as at December 31, 2025 are as follows:

	2025	2024
Post-employment benefits	\$ 2,269,473	\$ 1,850,082
Vested sick leave	3,523	3,523
Workplace Safety and Insurance Board obligations	<u>42,882</u>	<u>42,882</u>
	2,315,878	1,896,487
Unamortized actuarial losses	<u>(435,716)</u>	<u>(121,905)</u>
	<u><u>\$ 1,880,162</u></u>	<u><u>\$ 1,774,582</u></u>

The municipality has not made allocations to fund these liabilities at this time and future expenditures are anticipated to be recovered from tax billings.

The total expenses related to retirement benefits, other than pensions, include the following components:

	2025	2024
Current period benefit cost	\$ 138,170	\$ 116,420
Retirement benefit interest	92,748	57,869
Amortization of unamortized actuarial gains	<u>23,974</u>	<u>1,455</u>
Total expenses related to retirement benefits	<u><u>\$ 254,892</u></u>	<u><u>\$ 175,744</u></u>

Post-employment benefits

The Town of Orangeville sponsors a defined benefit plan for retirement benefits, other than pensions, to substantially all employees. The plan provides extended health care, dental and life insurance benefits to employees to a maximum of age 65. Total benefit payments paid by the municipality on behalf of retirees during the year were \$103,187 (2024 - \$89,703).

Workplace Safety and Insurance Board obligations

The municipality was a Schedule 2 employer under the Workplace Safety and Insurance Act until the end of 2009 and, as such, assumed responsibility for financing its workplace safety insurance costs. The accrued obligation represents the actuarial valuation of claims to be insured based on the history of claims with municipal employees.

A Workplace Safety and Insurance reserve, funded by contributions from the current fund, has been established to protect against any unknown future liability. The balance of the reserve at December 31, 2025 was \$1,127,780 (2024 - \$406,747).

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

6. POST EMPLOYMENT BENEFITS (continued)

The actuarial valuations were based on a number of assumptions about future events such as inflation rates, interest rates, medical inflation rates, wage and salary increases and employee turnover and mortality. The most recent actuarial valuations were performed in 2022. The assumptions used reflect the municipality's best estimates.

Discount rate	4.25% per year (2024 - 3.25%)
Dental premium rates	Escalate at 4.00% per year (2024 - 3.75%)
Health care premium rates	6.00%, reducing by 0.333% per year to 4.00% per year in 2031 (2024 - 5.09%)
Future salaries	Escalate at 3.00% per year (2024 - 2.75%)
Future inflation rate	2.00% per year (2024 - 1.75%)

7. LONG TERM DEBT

	2025	2024
Bank loan payable for Westdale improvement area, interest at 3.39% per annum, repayable in monthly instalments of \$23,364 blended principal and interest, due November 2026	\$ 252,440	\$ 519,396
Bank loan payable for 29 First Street, interest at prime minus 0.75% per annum, repayable in monthly instalments of \$733 plus interest, due May 2035	82,799	91,592
Loan payable for streetlights, interest at 7.50% per annum, repayable in variable monthly instalments of blended principal and interest, due June 2026	73,504	215,479
Bank loan payable for Centennial, interest at 4.98% per annum, repayable in monthly instalments of \$13,507 blended principal and interest, due December 2032	2,164,781	2,217,694
Bank loan payable for various transportation capital projects, interest at 3.53% per annum, repayable in monthly instalments of \$28,178 blended principal and interest adjusted every six months, due December 2026	333,038	653,220
Bank loan payable for police station and Westdale improvement area, interest at 5.34% per annum, repayable in monthly instalments of \$19,995 blended principal and interest, due March 2026	60,593	291,168
Bank loan payable for Alder Street recreation centre, repaid during the year	0	424,945

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

7. LONG TERM DEBT (continued)

	2025	2024
Bank loan payable for library elevator, interest at 5.29% per annum, repayable in monthly instalments of \$8,032 blended principal and interest, due December 2032	1,259,546	1,310,739
Bank loan payable for 120 Diane Drive, interest at 3.61% per annum, repayable in monthly instalments of \$7,884 blended principal and interest, due December 2028	268,689	351,952
Bank loan payable for Humber College land, interest at 1.98% per annum, repayable in monthly instalments of \$16,581 blended principal and interest, due March 2026	49,633	245,520
Bank loan payable for police station, interest at 4.98% per annum, repayable in monthly instalments of \$5,314 blended principal and interest, due December 2032	851,630	872,446
Bank loan payable for BIA parking lot, interest at 5.17% per annum, repayable in monthly instalments of \$4,674 blended principal and interest, due April 2026	171,536	214,504
Bank loan payable for BIA, 82 Broadway, interest at 4.81% per annum, repayable in monthly instalments of \$4,013 blended principal and interest, due December 2027	415,497	443,000
Ontario Infrastructure and Lands Corporation (OILC) loan payable for water pollution control plant, interest at 3.56% per annum, repayable in semi-annual instalments of \$363,672 principal plus interest, due February 2044	13,455,850	14,183,193
Revolving bank loan payable for Ontario Police Services severance, repaid during the year	0	4,792,800
Bank loan payable for fire station, interest at 4.98% per annum, repayable in monthly instalments of \$5,833 blended principal and interest, due December 2032	<u>934,845</u>	<u>957,694</u>
	<u>\$ 20,374,381</u>	<u>\$ 27,785,342</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

7. LONG TERM DEBT (continued)

Future minimum payments on long term obligations are as follows:

2026	\$ 1,799,291
2027	1,118,937
2028	1,330,246
2029	889,733
2030	897,324
Thereafter	<u>14,338,850</u>
	<u>\$ 20,374,381</u>

Interest expense in the amount of \$963,413 (2024 - \$1,041,340) has been recognized on the consolidated statement of operations.

The annual principal and interest payments required to service the long term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

8. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees' Retirement System (OMERS), which is a multi-employer plan, on behalf of 301 (2024 - 317) members of its staff.

This plan is a defined benefit plan which specifies the amount of the retirement benefits to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS for 2025 by the municipality was \$2,011,991 (2024 - \$1,876,709). The contribution rate for 2025 was 9.0% to 15.8% (2024 - 9.0% to 15.8%) depending on age and income level.

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2025. At that time, the plan reported a \$1.32 billion actuarial deficit (2024 - \$2.91 billion deficit), based on actuarial liabilities of \$149.58 billion (2024 - \$140.77 billion) and actuarial assets of \$145.54 billion (2024 - \$138.41 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in financial markets may lead to increased future funding requirements.

9. ASSET RETIREMENT OBLIGATIONS

The Town's asset retirement obligation consists of the following obligation:

Landfill closure and post closure costs

The Town is responsible for post closure maintenance and monitoring for landfill site that was closed in 1970. The liability is based on 5-year average monitoring, maintenance and consulting costs of \$9,937 (2024 - \$11,753) on an annual basis. Estimated costs of \$526,650 have been discounted to the present value using a discount rate of 3.92% (2024 - 3.86%) and an inflation rate of 2.00% (2024 - 2.00%). Current engineering studies suggest that monitoring at the site will be required until 2078.

The asset retirement liability has been estimated using a net present value technique using the assumptions as described above. The related asset retirement costs are being amortized on a straight-line basis over the remaining useful life of the asset.

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

9. ASSET RETIREMENT OBLIGATIONS (continued)

Significant estimates and assumptions are made in determining asset retirement costs as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded. At each reporting date, as more information and experience is obtained as it relates to the asset retirement obligations, the estimates of the timing, the undiscounted cash flows and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

Asset Retirement Obligation

<i>Landfill closure and monitoring</i>	2025	2024
Opening balance	\$ 401,948	\$ 451,436
Retirement expenses	(10,852)	(12,221)
Accretion expense	15,515	17,696
Change in estimate	<u>(75,126)</u>	<u>(54,963)</u>
Closing balance	<u><u>\$ 331,485</u></u>	<u><u>\$ 401,948</u></u>

10. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF DUFFERIN

During the year, the following taxation revenue was raised and remitted to the school boards and the Corporation of the County of Dufferin:

	2025	2024
School boards	\$ 11,274,448	\$ 11,266,801
The Corporation of the County of Dufferin	<u>19,701,901</u>	<u>18,859,098</u>
	<u><u>\$ 30,976,349</u></u>	<u><u>\$ 30,125,899</u></u>

11. OTHER INCOME

	2025 Budget	2025 Actual	2024 Actual
Penalties and interest on taxation	\$ 500,000	\$ 711,172	\$ 590,439
Licenses and permits	799,575	757,388	710,027
Other fines and penalties	83,500	191,777	191,775
Investment income	1,200,000	2,784,414	4,970,913
Rents, concessions and franchises	239,300	261,080	257,982
Donations	156,500	107,516	89,458
Gain on disposal of tangible capital assets	60,000	129,265	1,204,679
Development charges, recreational land	14,392,833	6,588,051	3,569,947
Other	<u>3,314,584</u>	<u>3,052,532</u>	<u>2,449,035</u>
	<u><u>\$ 20,746,292</u></u>	<u><u>\$ 14,583,195</u></u>	<u><u>\$ 14,034,255</u></u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

12. GRANTS

	2025 Budget	2025 Actual	2024 Actual
Province of Ontario			
General government	\$ 0	\$ 0	\$ 120,000
Transportation services	3,900,505	2,934,110	1,295,211
Protection services	1,285,919	743,061	641,122
Recreation services	30,700	30,708	73,233
Planning and development	190,880	190,880	170,049
Environmental services	0	200,000	948,016
	<u>5,408,004</u>	<u>4,098,759</u>	<u>3,247,631</u>
Government of Canada			
General government	0	0	2,232
Transportation services	3,468,844	1,499,656	937,395
Recreation services	13,500	27,961	23,071
Environmental services	<u>2,261,032</u>	<u>1,207,257</u>	<u>692,565</u>
	<u>5,743,376</u>	<u>2,734,874</u>	<u>1,655,263</u>
Other			
General government	0	0	154,605
Protection services	0	125,000	125,000
Recreation services	8,500	16,579	0
Environmental services	<u>115,534</u>	<u>0</u>	<u>0</u>
	<u>124,034</u>	<u>141,579</u>	<u>279,605</u>
	<u>\$ 11,275,414</u>	<u>\$ 6,975,212</u>	<u>\$ 5,182,499</u>

13. TRUST FUNDS

The trust funds administered by the municipality, amounting to \$3,794,397 (2024 - \$4,025,358), have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities. At December 31, 2025, the trust fund balances are as follows:

	2025	2024
Cemetery Perpetual Care Fund	\$ 747,866	\$ 731,964
Ferns Memorial Fund	3,629	3,629
Development Fund	2,945,420	3,206,909
Pre-Need Fund	<u>97,482</u>	<u>82,856</u>
	<u>\$ 3,794,397</u>	<u>\$ 4,025,358</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

14. ORANGEVILLE HYDRO LIMITED

Orangeville Hydro Limited is a corporation incorporated under the laws of the Province of Ontario and provides municipal electrical services. The Corporation of the Town of Orangeville owns 94.50% of the outstanding shares of Orangeville Hydro Limited. Orangeville Hydro Limited has been reported in these consolidated financial statements using the modified equity method.

	2025	2024
Statement of Financial Position		
Assets	\$ <u>41,106,923</u>	\$ <u>39,099,866</u>
Liabilities	\$ 26,749,350	\$ 25,409,597
Shareholder's Equity	<u>14,357,573</u>	<u>13,690,269</u>
	\$ <u>41,106,923</u>	\$ <u>39,099,866</u>
Statement of Operations		
Revenues	\$ 44,294,151	\$ 42,322,570
Expenses	<u>43,144,501</u>	<u>41,357,878</u>
Total comprehensive income for the year	\$ <u>1,149,650</u>	\$ <u>964,692</u>
Dividends paid during the year	\$ <u>482,346</u>	\$ <u>506,016</u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

15. FINANCIAL INSTRUMENT RISK MANAGEMENT

Credit Risk

The municipality is exposed to credit risk through the possibility of non-collection of accounts receivable. The majority of its receivables are from rate payers and government entities. For accounts receivable, the municipality measures impairment based on how long the amounts have been outstanding. For amounts outstanding greater than 91 days, an impairment allowance may be set up. The amounts outstanding at year end, which is the municipality's maximum exposure to credit risk related to accounts receivable, were as follows:

	0 - 30 days	31 - 90 days	91 - 365 days	1 - 2 years	3 - 5 years
Accounts receivable	\$ 7,813,296	\$ 280,225	\$ 36,580	\$ 0	\$ 0
Taxes receivable	<u>0</u>	<u>0</u>	<u>3,213,058</u>	<u>1,430,820</u>	<u>95,111</u>
Total	<u>\$ 7,813,296</u>	<u>\$ 280,225</u>	<u>\$ 3,249,638</u>	<u>\$ 1,430,820</u>	<u>\$ 95,111</u>

Liquidity Risk

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they fall due. The municipality undertakes a planning and budgeting process to help determine the funds required to support the municipality's normal operating requirements on an ongoing basis. The municipality ensures that there are sufficient funds to meet its short term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the appropriate borrowing bylaw to meet, at a minimum, expected requirements for a period of at least 90 days. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	0 - 30 days	31 - 90 days	91 - 365 days	1 - 5 years	6 years and later
Accounts payable and accrued liabilities	\$ 9,902,022	\$ 0	\$ 0	\$ 0	\$ 0
Long term debt	<u>124,917</u>	<u>606,712</u>	<u>1,067,662</u>	<u>4,236,240</u>	<u>14,338,850</u>
Total	<u>\$ 10,026,939</u>	<u>\$ 606,712</u>	<u>\$ 1,067,662</u>	<u>\$ 4,236,240</u>	<u>\$ 14,338,850</u>

Market Risk

Market risk is the risk that the fair value or future cash flows of the municipality's financial instruments will fluctuate because of changes in market prices. Some of the municipality's financial instruments expose it to this risk, which comprises interest rate risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The municipality is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and certain long term liabilities. The municipality is also exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of the fixed income denominated investments.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

16. BUDGETS

The 2025 budget amounts for the Town of Orangeville, approved by Council, have been reclassified to conform to the presentation of the consolidated statements of operations and changes in net financial assets. The following is a reconciliation to the property tax supported surplus.

	2025 Budget	2025 Actual	2024 Actual
Annual surplus	\$ 23,754,787	\$ 24,147,771	\$ 18,285,855
Less revenues included in statements, but not in operating surplus:			
Development charges and other obligatory reserve fund contributions	(14,392,833)	(9,024,007)	(5,379,798)
Net transfers to reserves and discretionary reserve funds	(3,842,336)	(15,882,164)	(13,852,511)
Capital grants, recoveries and donations	(9,570,672)	(1,563,775)	(431,751)
Less expenses included in the operating surplus, but not in the statements:			
Gain of disposal of tangible capital assets	(60,000)	(129,265)	(1,204,679)
Proceeds on disposal of tangible capital assets	60,000	129,265	1,210,028
Debt principal repayments	(7,393,744)	(7,410,962)	(2,756,895)
Debt recoveries	92,200	92,199	91,201
Add revenues included in the operating surplus, but not in the statements:			
ORDC interest earnings	1,250,000	812,075	1,532,792
ORDC loan repayment	0	4,933,824	0
Add expenses included in the statements, but not in the operating surplus:			
Amortization of tangible capital assets	10,102,598	10,102,598	8,695,177
Operating expenses in capital	0	152,011	1,068,145
Change in unfunded liabilities	0	35,117	33,065
Less consolidated entities' surpluses	<u>0</u>	<u>(1,516,945)</u>	<u>(1,937,840)</u>
Property tax supported surplus	<u>\$ 0</u>	<u>\$ 4,877,742</u>	<u>\$ 5,352,789</u>

17. CONTRACTUAL COMMITMENTS

The Town of Orangeville has entered into several contracts as of year end, including transit bus services, haulage and disposal of biosolids, and tree maintenance services. The expected future payments until the conclusion of the contracts are as follows:

2026	\$ 1,234,275
2027	848,000
2028	848,000
2029	848,000
2030	<u>282,667</u>
	<u>\$ 4,060,942</u>

18. CONTINGENCIES

The Town has been served with various claims as a result of accidents and other incidents. The Town is not aware of any possible settlements in excess of its liability insurance coverage. The outcomes of these claims are not determinable at this time. Should any liability be determined and not covered by insurance, it will be recognized in the period when determined.

THE CORPORATION OF THE TOWN OF ORANGEVILLE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

19. COMPARATIVE FIGURES

The comparative figures presented in the financial statements have been reclassified to conform to the current year's presentation.

20. SEGMENTED DISCLOSURE

The Corporation of the Town of Orangeville is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, environmental, planning, community, and water services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Recreation Services

This service area provides services meant to improve the health and development of the municipality's citizens. Recreational programs and cultural programs are provided at the recreation complexes. Also, the municipality provides library services to assist with its citizens' informational needs.

Environmental Services

Environmental services consists of costs associated with managing solid waste. This service also provides the municipality's drinking water. The department processes and cleans sewage and ensures the municipality's water system meets all Provincial standards.

Health Services

Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities. Also, the municipality provides cemetery services including cemetery maintenance and care.

Planning and Development

This department provides a number of services including town planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process. This department also includes the economic development committee and the downtown business improvement area.

Protection Services

Protection is comprised of police services, fire protection and bylaw enforcement. The police services works to ensure the safety and protection of the citizens and their property. The fire department is responsible for providing fire suppression services, fire prevention programs, training, and education. The by-law enforcement department works to ensure that citizens and their property are protected by ensuring the Town's bylaws are being adhered to.

Transportation Services

Transportation is responsible for providing the municipality with road maintenance, winter control services, street light maintenance, parking lots, and equipment maintenance. Transportation is also responsible for providing bus services to residents throughout the Town of Orangeville.

General Government

General government revenues and expenses relate to the operations of the municipality itself and cannot be directly attributed to a specific segment.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The revenues and expenses and equity in government business enterprises and government business partnerships that are directly attributable to a particular segment are allocated to that segment. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis. Taxation has not been allocated to individual segments.

THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2025

(Schedule 1)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	Total 2025
REVENUE								
Taxation	\$15,528,274	\$11,737,749	\$ 8,043,350	\$ 0	\$ 0	\$ 8,245,035	\$ 1,381,065	\$44,935,473
Fees and user charges	1,718,900	101,898	85,302	18,003,671	149,920	1,952,063	346,273	22,358,027
Grants	0	868,061	4,433,766	1,407,256	0	75,249	190,880	6,975,212
Equity income of Orangeville Hydro Limited	1,086,419	0	0	0	0	0	0	1,086,419
Other income	5,197,210	2,714,005	3,239,928	2,457,762	0	943,945	30,345	14,583,195
	<u>23,530,803</u>	<u>15,421,713</u>	<u>15,802,346</u>	<u>21,868,689</u>	<u>149,920</u>	<u>11,216,292</u>	<u>1,948,563</u>	<u>89,938,326</u>
EXPENSES (RECOVERIES)								
Salaries and benefits	8,858,411	6,824,894	2,753,975	4,046,381	119,771	5,880,554	1,397,825	29,881,811
Interest on debt	367,069	13,672	42,745	498,502	0	7,658	33,767	963,413
Materials and supplies	2,830,898	928,979	909,053	3,284,968	16,327	869,733	380,125	9,220,083
Contracted services	1,005,155	5,365,771	3,702,334	3,383,300	31,444	289,952	317,741	14,095,697
Other transfers	5,193	145,059	0	195,836	0	372,123	88,681	806,892
Rents and financial Amortization	75,004	38,000	341,422	162,727	0	90,697	12,211	720,061
	<u>743,205</u>	<u>434,150</u>	<u>3,241,606</u>	<u>3,582,579</u>	<u>3,502</u>	<u>2,080,480</u>	<u>17,076</u>	<u>10,102,598</u>
	<u>13,884,935</u>	<u>13,750,525</u>	<u>10,991,135</u>	<u>15,154,293</u>	<u>171,044</u>	<u>9,591,197</u>	<u>2,247,426</u>	<u>65,790,555</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 9,645,868</u>	<u>\$ 1,671,188</u>	<u>\$ 4,811,211</u>	<u>\$ 6,714,396</u>	<u>\$ (21,124)</u>	<u>\$ 1,625,095</u>	<u>\$ (298,863)</u>	<u>\$24,147,771</u>

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2025

(Schedule 1) (continued)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	Total 2024
REVENUE								
Taxation	\$16,080,666	\$ 9,700,629	\$ 7,517,519	\$ 0	\$ 0	\$ 7,503,779	\$ 1,812,203	\$42,614,796
Fees and user charges	1,544,868	12,185	2,064	14,316,501	165,290	1,578,076	183,454	17,802,438
Grants	156,837	766,122	2,232,606	1,640,581	0	216,304	170,049	5,182,499
Equity income of Orangeville Hydro Limited	833,936	0	0	0	0	0	0	833,936
Other income	7,681,925	2,708,059	1,044,756	1,907,644	0	673,097	18,774	14,034,255
	<u>26,298,232</u>	<u>13,186,995</u>	<u>10,796,945</u>	<u>17,864,726</u>	<u>165,290</u>	<u>9,971,256</u>	<u>2,184,480</u>	<u>80,467,924</u>
EXPENSES								
Salaries and benefits	9,289,159	6,388,618	2,760,048	3,306,187	43,894	5,191,158	1,333,583	28,312,647
Interest on debt	367,353	22,585	74,048	525,814	0	21,832	29,708	1,041,340
Materials and supplies	2,927,888	717,255	1,385,737	2,750,979	28,264	787,949	406,747	9,004,819
Contracted services	1,247,163	4,914,432	3,037,933	3,952,593	42,648	240,850	237,483	13,673,102
Other transfers	0	173,764	0	153,087	0	361,186	91,461	779,498
Rents and financial Amortization	75,254	40,127	316,407	139,171	0	92,316	12,211	675,486
	<u>546,051</u>	<u>384,898</u>	<u>3,007,690</u>	<u>3,163,539</u>	<u>3,502</u>	<u>1,577,944</u>	<u>11,553</u>	<u>8,695,177</u>
	<u>14,452,868</u>	<u>12,641,679</u>	<u>10,581,863</u>	<u>13,991,370</u>	<u>118,308</u>	<u>8,273,235</u>	<u>2,122,746</u>	<u>62,182,069</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$11,845,364</u>	<u>\$ 545,316</u>	<u>\$ 215,082</u>	<u>\$ 3,873,356</u>	<u>\$ 46,982</u>	<u>\$ 1,698,021</u>	<u>\$ 61,734</u>	<u>\$18,285,855</u>

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

(Schedule 2)

	Land	Land Improvements	Buildings	Roads	Water and Sewer Systems	Equipment	Vehicles	2025	2024
COST									
Balance, beginning of year	\$ 10,904,059	\$ 25,320,012	\$ 95,796,432	\$ 119,659,556	\$ 137,475,368	\$ 31,910,094	\$ 9,118,300	\$ 430,183,821	\$ 405,401,682
Additions during the year	0	819,019	3,972,151	9,826,324	8,260,707	1,983,027	3,508,038	28,369,266	25,053,652
Disposals during the year	0	0	0	0	0	0	(442,644)	(442,644)	(271,513)
Balance, end of year	<u>10,904,059</u>	<u>26,139,031</u>	<u>99,768,583</u>	<u>129,485,880</u>	<u>145,736,075</u>	<u>33,893,121</u>	<u>12,183,694</u>	<u>458,110,443</u>	<u>430,183,821</u>
ACCUMULATED AMORTIZATION									
Balance, beginning of year	0	14,629,274	27,293,192	65,562,087	57,347,348	16,918,024	5,073,612	186,823,537	178,394,524
Amortization	0	668,989	2,631,127	2,590,219	2,262,834	1,279,150	670,279	10,102,598	8,695,177
Accumulated amortization on disposals	0	0	0	0	0	0	(442,644)	(442,644)	(266,164)
Balance, end of year	<u>0</u>	<u>15,298,263</u>	<u>29,924,319</u>	<u>68,152,306</u>	<u>59,610,182</u>	<u>18,197,174</u>	<u>5,301,247</u>	<u>196,483,491</u>	<u>186,823,537</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS									
	<u>\$ 10,904,059</u>	<u>\$ 10,840,768</u>	<u>\$ 69,844,264</u>	<u>\$ 61,333,574</u>	<u>\$ 86,125,893</u>	<u>\$ 15,695,947</u>	<u>\$ 6,882,447</u>	<u>\$ 261,626,952</u>	<u>\$ 243,360,284</u>

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWN OF ORANGEVILLE
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2025

(Schedule 3)

	2025	2024 (note 19)
SURPLUSES		
Invested in tangible capital assets	\$ 261,626,952	\$ 243,360,284
Unfunded long term liabilities	(20,374,381)	(27,785,342)
Tangible capital assets to be financed in future	(7,300,200)	(3,299,608)
Unfunded post-employment benefits	(1,880,162)	(1,774,582)
Unfunded asset retirement obligations	(331,485)	(401,948)
General (deficit) surplus	(55,577)	6,684,633
Equity in Orangeville Hydro Limited	13,537,745	12,907,143
	<u>245,222,892</u>	<u>229,690,580</u>
RESERVES AND RESERVE FUNDS		
Discretionary reserve funds	<u>512,027</u>	<u>345,333</u>
Reserves		
Property tax capital	30,561,034	27,648,392
Property tax stabilizing	8,037,915	3,714,957
Water capital	8,820,852	11,382,754
Water stabilizing	1,164,000	0
Wastewater capital	8,676,047	7,058,472
Wastewater stabilizing	1,022,000	0
Consolidated entities	29,772,801	29,772,801
Other	72,906	101,414
Reserves	<u>88,127,555</u>	<u>79,678,790</u>
	<u>88,639,582</u>	<u>80,024,123</u>
ACCUMULATED SURPLUS	<u>\$ 333,862,474</u>	<u>\$ 309,714,703</u>

**THE CORPORATION OF THE TOWN OF ORANGEVILLE
TRUST FUNDS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the trust funds of The Corporation of the Town of Orangeville, which comprise the statement of financial position as at December 31, 2025 and the statement of continuity of the trust funds for the year then ended, and notes to the financial information, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the Town of Orangeville as at December 31, 2025 and the continuity of the trust funds for the year then ended in accordance with Canadian public sector accounting standards.

Basis of 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 Information section of our report. We are independent of The Corporation of the Town of Orangeville in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Those charged with governance are responsible for overseeing the trust funds' 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 these financial information.

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

- Identify and assess the risks of material misstatement of the financial information, 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 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 trust funds' 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 trust funds' 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 information 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 trust funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represents the underlying transactions and events in a manner that achieves fair presentation.

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

Guelph, Ontario
June 23, 2026

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF ORANGEVILLE

TRUST FUNDS

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	Pre-Needs	Cemetery Perpetual Care	Ferns Memorial	Development Fund	2025 Total	2024 Total
Assets						
Cash	\$ 99,689	\$ 612,685	\$ 0	\$ 566,177	\$ 1,278,551	\$ 1,654,408
Accrued interest	0	2,839	0	18,778	21,617	28,808
Accounts receivable	0	0	900	0	900	900
Investments, at cost	<u>0</u>	<u>186,157</u>	<u>0</u>	<u>2,362,945</u>	<u>2,549,102</u>	<u>2,489,384</u>
	<u>\$ 99,689</u>	<u>\$ 801,681</u>	<u>\$ 900</u>	<u>\$ 2,947,900</u>	<u>\$ 3,850,170</u>	<u>\$ 4,173,500</u>
Liabilities						
Due (from) to Town of Orangeville	\$ (913)	\$ 53,815	\$ (2,729)	\$ (1,020)	\$ 49,153	\$ 69,522
Accounts payable	<u>3,120</u>	<u>0</u>	<u>0</u>	<u>3,500</u>	<u>6,620</u>	<u>78,620</u>
	<u>2,207</u>	<u>53,815</u>	<u>(2,729)</u>	<u>2,480</u>	<u>55,773</u>	<u>148,142</u>
Fund balance	<u>97,482</u>	<u>747,866</u>	<u>3,629</u>	<u>2,945,420</u>	<u>3,794,397</u>	<u>4,025,358</u>
	<u>\$ 99,689</u>	<u>\$ 801,681</u>	<u>\$ 900</u>	<u>\$ 2,947,900</u>	<u>\$ 3,850,170</u>	<u>\$ 4,173,500</u>

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWN OF ORANGEVILLE

TRUST FUNDS

STATEMENT OF CONTINUITY

AS AT DECEMBER 31, 2025

	Pre-Needs	Cemetery Perpetual Care	Ferns Memorial	Development Fund	2025 Total	2024 Total
Fund balance, beginning of year	\$ <u>82,856</u>	\$ <u>731,964</u>	\$ <u>3,629</u>	\$ <u>3,206,909</u>	\$ <u>4,025,358</u>	\$ <u>4,115,157</u>
Receipts						
Perpetual care	16,513	25,233	0	0	41,746	51,455
Investment income	3,046	27,126	0	111,353	141,525	193,020
Fees and deposits	0	0	0	35,500	35,500	562,697
Gain on disposition of investments	<u>0</u>	<u>(9)</u>	<u>0</u>	<u>3,183</u>	<u>3,174</u>	<u>2,115</u>
	<u>19,559</u>	<u>52,350</u>	<u>0</u>	<u>150,036</u>	<u>221,945</u>	<u>809,287</u>
Expenses						
Transfer to Town of Orangeville	4,933	0	0	0	4,933	3,207
Payments and deposits returned	<u>0</u>	<u>36,448</u>	<u>0</u>	<u>411,525</u>	<u>447,973</u>	<u>895,879</u>
	<u>4,933</u>	<u>36,448</u>	<u>0</u>	<u>411,525</u>	<u>452,906</u>	<u>899,086</u>
Net surplus (deficit)	<u>14,626</u>	<u>15,902</u>	<u>0</u>	<u>(261,489)</u>	<u>(230,961)</u>	<u>(89,799)</u>
Fund balance, end of year	\$ <u><u>97,482</u></u>	\$ <u><u>747,866</u></u>	\$ <u><u>3,629</u></u>	\$ <u><u>2,945,420</u></u>	\$ <u><u>3,794,397</u></u>	\$ <u><u>4,025,358</u></u>

THE CORPORATION OF THE TOWN OF ORANGEVILLE
TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

(a) ACKNOWLEDGEMENT OF RESPONSIBILITY

The financial statements of the The Corporation of the Town of Orangeville trust funds are the representation of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of Chartered Professional Accountants Canada. The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial information, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

(b) BASIS OF ACCOUNTING

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) FINANCIAL INSTRUMENTS

The Corporation of the Town of Orangeville trust funds classifies all of its financial instruments at amortized cost. The maximum exposure to credit risk is the carrying value of the financial instruments. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument. Writedowns of financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net realizable value with the writedown being recognized in the statement of continuity.

2. INVESTMENTS

Investments totaling \$832,775 (2024 - \$912,644) consist of corporate and government bonds with interest rates ranging from 1.782% to 5.05% (2024 - 1.782% to 5.05%). The market value of these investments was \$884,941 (2024 - \$959,193).

Investments totaling \$408,995 (2024 - \$289,692) consist of cash and Guaranteed Investment Certificates with interest rates of 3.50% to 3.63% (2024 - 4.95% to 5.23%). The market value of these investments was \$412,971 (2024 - \$289,682).

Investments totaling \$1,272,401 (2024 - \$1,217,031) consist of term deposits with interest rates of 2.65% (2024 - 4.32%). The market value of these investments was \$1,274,526 (2024 - \$1,233,038).

Investments totaling \$34,931 (2024 - \$70,017) consist of a money market fund. The market value of this investment is \$34,931 (2024 - \$70,017).

THE CORPORATION OF THE TOWN OF ORANGEVILLE
TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

3. FINANCIAL INSTRUMENT RISK MANAGEMENT

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The trust funds are exposed to credit risk arising from its cash and accounts receivable.

Liquidity Risk

Liquidity risk is the risk that the trust funds encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the trust funds will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from due to general account and accounts payable. The trust funds have sufficient bank and investment balances to extinguish its liabilities.

Market Risk

Market risk is the risk that the fair value or future cash flows of the trust funds' financial instruments will fluctuate because of changes in market prices. Some of the trust funds' financial instruments expose it to this risk, which comprises interest rate risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The trust funds are exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.