Consolidated Financial Statements

Corporation of the City of Orillia

December 31, 2024

Contents

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Independent Auditor's Report

To the Mayor and Councillors of the City of Orillia:

Opinion

We have audited the consolidated financial statements of the City of Orillia and its entities (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations and accumulated surplus, the consolidated statement of remeasurement gains (losses), the consolidated statement of changes in net financial assets and 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2024, and its consolidated results of operations, its consolidated remeasurement gains (losses), its consolidated change in net financial assets, 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 Consolidated Financial Statements* section of our report. We are independent of the Municipality 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.

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 24 to the consolidated financial statements, which explains that certain comparative information presented for the year ended December 31, 2023 has been restated. Our opinion is not modified in respect of this matter.

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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 judgment 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 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 Municipality'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 Municipality'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 Municipality 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Municipality 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 purposes of the group audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
August 17, 2026

Corporation of the City of Orillia
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2024 and 2023

	Budget (Note 2)	2024	2023 (Restated) (Note 24)
Revenue			
Taxation (Note 13)	**$ 72,924,953**	**$ 73,569,341**	$ 71,324,289
Grants (Note 15)	**7,401,176**	**8,397,883**	9,553,613
User charges (Note 16)	**30,461,435**	**31,822,510**	29,498,992
Other revenue (Note 17)	**8,245,133**	**15,704,828**	15,120,930
Development charges	**8,193,000**	**2,312,621**	2,245,458
	127,225,697	**131,807,183**	127,743,282
Expenses			
General government	**11,252,011**	**11,740,099**	9,553,909
Protection to persons and property	**20,516,406**	**20,465,706**	18,849,042
Transportation services	**15,779,530**	**19,197,478**	14,119,308
Environmental services	**20,757,374**	**21,511,321**	21,753,049
Health services	**2,859,774**	**3,081,241**	2,453,030
Social and family services	**7,411,117**	**7,107,871**	7,056,409
Recreation and cultural services	**22,662,817**	**23,167,025**	21,594,208
Planning and development	**3,179,962**	**2,908,700**	2,721,722
	104,418,991	**109,179,441**	98,100,677
Net Revenue	**22,806,706**	**22,627,742**	29,642,605
Other revenue (expenses)			
Equity earnings in Orillia Power Generation Corporation (Note 5)	**1,000,000**	**1,500,000**	1,091,000
Gain on sale of tangible capital assets	**-**	**1,114,574**	480,119
Tax assessments at risk	**-**	**166,460**	153,740
Change in landfill closure and post-closure	**-**	**-**	6,588,000
Contributed tangible capital assets	**-**	**-**	7,064,786
Change in employee future benefits	**-**	**(890,600)**	(2,370,900)
Debenture interest	**(886,618)**	**(916,513)**	(524,223)
	113,382	**973,921**	12,482,522
Annual surplus	**$ 22,920,088**	**23,601,663**	42,125,127
Accumulated surplus, beginning of year		**597,945,120**	555,819,993
Accumulated surplus, end of year		**$ 621,546,783**	$ 597,945,120

*See accompanying notes to the consolidated financial statements.

Corporation of the City of Orillia
Consolidated Statement of Financial Position
As at December 31, 2024 and 2023

	2024	2023 (Restated) (Note 24)
Financial assets		
Cash and cash equivalents (Note 3)	**$ 10,848,211**	$ 11,251,206
Investments (Note 4)	**188,695,227**	159,060,285
Taxes receivable (Note 22)	**11,438,944**	8,338,624
Other receivables (Note 22)	**15,295,811**	12,852,536
Inventories for resale	**23,487**	23,265
Investment in Orillia Power Generation Corporation (Note 5)	**25,728,000**	25,228,000
	252,029,680	216,753,916
Financial liabilities		
Payables and accruals	**22,655,573**	22,116,240
Deferred revenue - obligatory reserves (Note 6)	**11,195,793**	9,416,960
Deferred revenue - other	**906,757**	954,804
Long term debt (Note 7)	**39,125,261**	20,663,021
Asset retirement obligations (Note 8)	**10,531,302**	10,113,843
Employee future benefits payable (Note 9)	**11,052,300**	10,161,700
	95,466,986	73,426,568
Net financial assets	**156,562,694**	143,327,348
Non-financial assets		
Other assets (Note 10)	**228,325**	237,957
Tangible capital assets (Note 11)	**467,219,273**	452,791,887
	467,447,598	453,029,844
Accumulated surplus (Note 12)	**$621,546,783**	$597,945,120
Accumulated remeasurement gains (losses)	**2,463,509**	(1,587,928)
	$ 624,010,292	$ 596,357,192

Contingencies (Note 19)

*See accompanying notes to the consolidated financial statements

Corporation of the City of Orillia
Consolidated Statement of Remeasurement Gains (Losses)
Year ended December 31, 2024 and 2023

	2024	2023
Accumulated remeasurement losses, beginning of the year	**$ (1,587,928)**	$ -
Unrealized gains (losses) attributed to:		
Portfolio investments	**4,051,437**	(1,587,928)
Accumulated remeasurement gains (losses), end of year	**$ 2,463,509**	$ (1,587,928)

*See accompanying notes to the consolidated financial statements.

Corporation of the City of Orillia
Consolidated Statements of Changes in Net Financial Assets
Year ended December 31, 2024 and 2023

	Budget (Note 2)	2024	2023 (Restated) (Note 24)
Annual surplus	$ 22,920,088	$ 23,601,663	$ 42,125,127
Acquisition of tangible capital assets	(33,111,721)	(33,111,721)	(50,036,297)
Contributed tangible capital assets	-	-	(7,064,786)
Amortization of tangible capital assets	18,562,587	18,562,587	18,239,860
Proceeds from sale of tangible capital assets	-	1,236,322	498,795
Gain on sale of tangible capital assets	-	(1,114,574)	(480,119)
Unrealized remeasurement gains (losses)	-	4,051,437	(1,587,928)
	(14,549,134)	(10,375,949)	(40,430,475)
Change in other assets	-	9,632	6,555
Change in net financial assets	8,370,954	13,235,346	1,701,207
Net financial assets, beginning of the year	143,327,348	143,327,348	141,626,141
Net financial assets, end of the year	$ 151,698,302	$ 156,562,694	$ 143,327,348

*See accompanying notes to the consolidated financial statements.

Corporation of the City of Orillia
Consolidated Statement of Cash Flows
Year ended December 31, 2024 and 2023

	2024	2023 (Restated) (Note 24)
Operating activities		
Annual surplus	**$ 23,601,663**	$ 42,125,127
Amortization of tangible capital assets	**18,562,587**	18,239,860
Contributed tangible capital assets	-	(7,064,786)
Gain on sale of tangible capital assets	**(1,114,574)**	(480,119)
Equity income from Orillia Power Generation Corporation	**(1,500,000)**	(1,091,000)
Accretion expense related to asset retirement obligations	**425,006**	425,325
	39,974,682	52,154,407
Changes in non-cash operating balances		
Decrease (increase) in taxes receivable	**(3,100,320)**	(2,336,815)
Decrease (increase) in other receivables	**(2,443,275)**	(5,419,487)
Decrease (increase) in inventories for resale	**(222)**	12,185
Increase (decrease) in payables and accruals	**539,333**	6,066,865
Increase (decrease) in deferred revenue – obligatory reserves (Note 6)	**1,778,833**	(264,604)
Increase (decrease) in deferred revenue – other	**(48,047)**	166,531
Decrease in landfill closure and post-closure (Note 8)	**-**	(6,588,000)
Increase (decrease) in asset retirement obligations (Note 8)	**(7,547)**	9,688,518
Increase in employee future benefits payable	**890,600**	2,370,900
Decrease in other assets	**9,632**	6,555
Cash provided by operating activities	**37,593,669**	55,857,055
Capital activities		
Proceeds from sale of tangible capital assets	**1,236,322**	498,795
Acquisition of tangible capital assets	**(33,111,721)**	(50,036,297)
Cash used in capital activities	**(31,875,399)**	(49,537,502)
Financing activities		
Acquisition of long-term debt	**19,618,000**	9,190,000
Repayments of long-term debt	**(1,155,760)**	(737,780)
Cash provided from financing activities	**18,462,240**	8,452,220
Investing activities		
Dividends received from Orillia Power Generation Corporation	**1,000,000**	750,000
Acquisition of investments	**(106,583,505)**	(73,010,745)
Redemption of Investments	**81,000,000**	44,532,529
Cash used in investing activities	**(24,583,505)**	(27,728,216)
Net change in cash and cash equivalents	**(402,995)**	(12,956,443)
Cash and cash equivalents, beginning of year	**11,251,206**	24,207,649
Cash and cash equivalents, end of year	**$ 10,848,211**	$ 11,251,206

*See accompanying notes to the consolidated financial statements.

1. Significant Accounting Policies

a) Management's Responsibility for the Consolidated Financial Statements

The consolidated financial statements of the City of Orillia (the Municipality) are prepared by management in accordance with public sector accounting standards for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

b) Basis of consolidation

(i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenue, expenses, and surplus and financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality. In addition to general government tax-supported operations, the larger enterprises include the following:

City of Orillia Police Services Board
Orillia Public Library Board
Downtown Orillia Management Board

Inter-departmental and organizational transactions and balances are eliminated.

(ii) Equity accounting

Orillia Power Generation Corporation is a wholly owned subsidiary corporation of the Municipality and is accounted for on a modified equity basis, consistent with the accounting treatment for government business enterprises under Canadian public sector accounting standards. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Municipality, and inter-organizational transactions and balances are not eliminated.

c) Basis of accounting

(i) Accrual accounting

Sources of financing 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.

(ii) Accounting for School Board transactions

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

1. Significant accounting policies (continued)

c) Basis of accounting (continued)

(iii) Deferred revenue for obligatory reserves

Receipts which are restricted by legislation of senior governments or by agreement with external parties are deferred and reported as deferred revenue on the consolidated financial statements. When qualifying expenses are incurred, deferred revenues are brought into revenue at equal amounts. Revenue received in advance of expenses, which will be incurred in a later period, are deferred until they are earned by being matched against these expenses.

(iv) Tangible capital assets

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

Major Group	Useful Life
Land	Infinite
Land improvements	15 – 100 Years
Buildings	10 – 50 Years
Equipment and furniture	3 – 50 Years
Vehicles	5 – 20 Years
Road and bridges	15 – 100 Years
Underground and other networks	2 – 100 Years
Infrastructure - vehicles and equipment	3 – 50 Years

Assets under construction are not amortized until the asset is available for productive use. Half year amortization is charged in the year of acquisition.

Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue, when the fair value can be reasonably estimated. Tangible capital assets conveyed from developers are recorded at the estimated engineering value at time of registration. The value contributed during the year was $0 (2023 – $7,064,786).

Interest capitalization

Interest of $0 (2023 - $0) was capitalized for the external debt issued to finance the construction of tangible capital assets.

1. Significant accounting policies (continued)

c) Basis of accounting (continued)

(iv) Tangible capital assets (continued)

Nominal value

The Municipality owns several assets which are listed at nominal value in the tangible capital assets. These include fully amortized assets such as library books acquired prior to 2001, some older buildings, and donated land under certain pedestrian trails.

Works of art

The Municipality owns various works of art and historic artifacts displayed at various locations including the Orillia Public Library, Leacock Museum and the Orillia Opera House. The historic cost of these items is not included in tangible capital assets.

Disposal of tangible capital assets/write-down of assets under construction

Gain and (loss) on disposal of assets are recorded as the difference between proceeds received and the net book value. Write down of assets under construction have been written off as a result of the project being cancelled or finished with no future benefit to the Municipality.

(v) Revenue recognition

The Municipality issues property tax billings on an annual basis using total assessment values for the year and annually established tax rates. Property assessment values are provided by the Municipal Property Assessment Corporation and tax rates are established and approved by Council. Taxation revenues are recorded at the time the taxes are authorized and the taxable event occurs. Assessments and related property taxes are subject to appeal. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivables are recognized net of an allowance for anticipated uncollectable amounts. The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are earned.

Government transfers are recognized as revenue in the year in which the events giving rise to the transfer occur, provided the transfer is authorized, any eligibility criteria have been met, and the amount can be reasonably estimated, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability and are recognized as revenue in the consolidated statement of operations as the stipulated liabilities are settled.

1. Significant accounting policies (continued)

c) Basis of accounting (continued)

(v) Revenue recognition (continued)

Revenues from transactions with performance obligations are recognized when (at a point in time) or as (over a period of time) the Municipality satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

The Municipality recognizes revenue from users of the water, sewer, solid waste disposal, and rentals of Municipality property on a straight-line basis over the period in which the related performance obligations are satisfied.

The Municipality recognizes revenue from administrative services, building permits, development permits, sales of goods and other licenses and permits at the point in time the related performance obligations have been satisfied and control of the related benefits has passed to the payor.

Revenue from transactions without performance obligation is recognized at realizable value when the Municipality has the authority to claim or retain an inflow of economic resources received or receivable and a past transaction or event gives rise to the economic resources.

The Municipality recognizes revenue from tax penalties and interest, parking ticket fines, and other revenue without associated performance obligations at the realizable value at the point in time the Municipality is authorized to collect such amounts.

(vi) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. The principal estimates used in the preparation of these consolidated financial statements are post-employment benefits liability, the estimated useful lives of tangible capital assets, asset retirement obligations and other accrued liabilities and/or obligations. Actual results could differ from management's best estimates as additional information becomes available in the future.

(vii) Subdivision infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the Municipality. The Municipality is not involved in the construction and does not budget for either the contribution from the developer or the capital expense.

1. Significant accounting policies (continued)

c) Basis of accounting (continued)

(viii) Area improvement charges

The Municipality records expenses funded by bylaws to impose charges on property owners as they are incurred.

(ix) Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operations and capital purposes. Further disclosure of the amounts are part of accumulated surplus in Note 12 of the consolidated financial statements.

(x) Pension Plan

The Municipality is an employer member of the Ontario Municipal Employees' Retirement System ("OMERS"), which is a multi-employer defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.

(xi) Employee future benefits payable

The Municipality accrues its obligations under defined employee benefit plans, as the employees render the services necessary to earn employee future benefits. The Municipality has adopted the following valuation methods and assumptions:

i. Actuarial cost method:

Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PSAB 3250 and PSAB 3255. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method an equal portion of total estimated future benefit is attributed to each year of service.

ii. Funding policy:

The non-pension post-retirement benefits are funded on a pay-as-you-go basis. The Municipality funds on a cash basis as benefits are paid. No assets have been formally segregated and restricted to provide the non-pension post-retirement benefits.

1. Significant accounting policies (continued)

c) Basis of accounting (continued)

(xi) Employee future benefits payable (continued)

iii. Accounting policies:

Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ("EARSL") of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain or loss.

iv. Workplace Safety and Insurance Board (WSIB):

The costs of WSIB obligations are actuarially determined and are expensed immediately in the period the event occurs.

(xii) Financial instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the consolidated statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the consolidated statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the consolidated statement of remeasurement gains and losses and recognized in the consolidated statement of operations. Interest and dividends attributable to financial instruments are reported in the consolidated statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

The following classification system provides an analysis of financial instruments that are measured at fair value, using a fair value hierarchy of levels 1, 2 and 3. The levels reflect the significance of the inputs used in making the fair value measurements, as described below:

1. **Significant accounting policies** (continued)

c) **Basis of accounting** (continued)

(xii) **Financial instruments** (continued)

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2024, cash and investments other than the Principal Protected Notes are classified as Level 1 while the Principal Protected Notes are classified as Level 2.

(xiii) **Asset retirement obligations**

An asset retirement obligation liability is recognized when at the financial reporting date there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

When a liability for an asset retirement obligation is initially recognized, a corresponding amount is added to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset or anticipated timing of settlement.

At each reporting date, the Municipality reviews the carrying amount of the liability. Where present value techniques are used, an accretion expense is recorded in the period to record the change in the liability due to the passage of time.

The Municipality recognizes the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability in the period they are incurred.

2. **Budget reconciliation**

The budget approved by Council differs from the budget in the Consolidated Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to account for the material changes due to PSAB reporting requirements.

2. Budget reconciliation (continued)

	Revenues	Expenses
Total Council's approved budgets	$ 127,225,697	$ 109,458,071
Less: Acquisition of tangible capital assets budgeted	-	(23,601,667)
Add: Amortization of tangible capital assets	-	18,562,587
Adjusted budget per consolidated statement of operations	$ 127,225,697	$104,418,991

3. Cash and cash equivalents

	2024	2023
Unrestricted cash (bank overdraft), held at the bank and on hand	**$ (347,585)**	$ 2,458,031
Restricted cash, held at the bank	**11,195,796**	8,793,175
	$ 10,848,211	$ 11,251,206

The Municipality's bank accounts are held at one chartered bank. The bank accounts earn interest at a variable rate calculated on the daily balances. The Municipality has a revolving demand credit facility with the Toronto-Dominion Bank for a maximum amount of $15,000,000 available, including a letter of credit in the amount of $34,000, at the bank's prime rate less 0.75% per annum (2023 – 0.75%). No amounts were drawn from the credit facility as at December 31, 2024 (2023 - $0).

There is provincial and municipal legislation that restricts how restricted funds may be used reported in Note 6.

4. Investments

	2024	2023
One Investment, National, Scotiabank and Meridian - HISA	**$ 32,220,975**	$ 20,437,610
BMO GICs maturing Feb 2025	**210,603**	2,210,604
Canaccord GICs maturing between Jan 2025 and Dec 2027	**35,500,000**	21,500,000
National GICs maturing between Feb 2025 and Sep 2034	**16,000,000**	36,000,000
Meridian GICs maturing Jan 2025 and Nov 2026	**37,300,000**	33,000,000
CIBC GIC, matured Apr 2024	**-**	2,500,000
Scotiabank GICs, maturing between Jan 2024 and Dec 2026	**37,000,000**	19,000,000
BMO Fixed Rate Coupon maturing between Dec 2031 and Dec 2036	**6,000,000**	1,988,960
BMO Ontario Hydro Coupon maturing Apr 2031	**3,866,789**	3,670,131
BMO Principal Protected Notes, maturing Nov 2029 and Jul 2031	**14,137,260**	13,205,380
RBC Principal Protected Notes, maturing Aug 2028	**6,459,600**	5,547,600
	$ 188,695,227	$ 159,060,285

High interest savings account investments held with One Investment, National Bank, Scotiabank and Meridian bear interest at rates ranging from 4.03% to 5.53% (2023 – 5.20% to 5.70%). GICs held with BMO, Canaccord, National, Meridian, CIBC, and Scotiabank bear interest at rates ranging from 4.02% to 6.25% (2023 – 5.08% to 6.21%).

4. Investments (continued)

Investments in Ontario Hydro Coupon and Principal Protected Notes held with BMO and RBC are reported at fair value. The principal cost amounts for these portfolio investments are $6,000,000 for Fixed Rate Coupon, $3,999,999 for Ontario Hydro Coupon, $12,000,000 for BMO Principal Protected Notes, and $6,000,000 for RBC Principal Protected Notes. The Municipality's practice is to hold investments to maturity and therefore no loss of principal is anticipated.

5. Investment in Orillia Power Generation Corporation

Orillia Power Generation Corporation, established by Municipal Council under Municipal By-Law 2000-155, is wholly owned by the City of Orillia and provides electric utility services.

The following table provides condensed supplementary financial information of Orillia Power Generation Corporation.

	2024	2023
Financial position		
Current assets	**$ 2,710,000**	$ 2,060,000
Capital assets	**49,261,000**	49,873,000
Investment property	**1,385,000**	1,365,000
	53,356,000	53,298,000
Current liabilities	**2,147,000**	2,089,000
Long-term liabilities	**30,515,000**	31,015,000
	32,662,000	33,104,000
Net assets	**$ 20,694,000**	$ 20,194,000

	2024	2023
Results of operations		
Operating revenues	**$ 10,485,000**	$ 11,357,000
Operating expenses	**(7,023,000)**	(7,831,000)
Financing expenses net of finance income	**(1,223,000)**	(1,305,000)
Payments in lieu of taxes	**(521,000)**	(749,000)
Change in fair value of investment property	**20,000**	(85,000)
Actuarial loss on defined benefit plans net of deferred taxes	**(99,000)**	(3,000)
Change in derivative financial liability	**(139,000)**	(293,000)
Total comprehensive income	**1,500,000**	1,091,000
Dividend	**(1,000,000)**	(750,000)
Change in equity	**$ 500,000**	$ 341,000

5. Investment in Orillia Power Generation Corporation (continued)

The above information is as reported by Orillia Power Generation Corporation.

The following summarizes the Municipality's related party transactions with Orillia Power Generation Corporation during the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties:

	2024	2023
Related party transactions		
Property taxes and other taxes	**$ 32,974**	$ 32,586
Solar panel lease	**(21,913)**	26,422
Interest paid	**(308,584)**	314,625
Dividend received	**1,000,000**	750,000
Other services sold	**10,000**	36,000
Balance outstanding		
Orillia Power Generation Corporation payable and accrued liabilities	**257,923**	-
Investment		
Promissory note	**5,034,000**	5,034,000
Equity	**20,694,000**	20,194,000
	$ 25,728,000	$ 25,228,000

The promissory note payable to the City of Orillia ("the City") bears interest for the current year at 6.13% per annum (December 31, 2023; 6.25%).

The City has agreed to a postponement of debt in the amount of $5,034,000 (2023; $5,034,000) related to the following OPGC / TD facility.

	2024	2023
Orillia Power Generation Corporation long-term debt repayable in 72 months at TD prime rate	**$ 18,233,000**	$ 18,883,000

Principal repayments over the next five years and thereafter are as follows:

2025	$ 679,000
2026	710,000
2027	9,189,000
2028	361,000
2029	378,000
Thereafter	11,950,000
	$ 23,267,000

6. Deferred revenue – obligatory reserves

	2024	2023
Parkland and parking reserve, opening balance	**$ 2,513,587**	$ 1,029,179
Add: Developer contributions	**119,108**	141,206
Add: City funded contributions	**640,000**	1,228,875
Add: Interest earned	**191,505**	114,327
Deduct: Eligible expenditures	**(320,000)**	-
Parkland and parking reserve, closing balance	**3,144,200**	2,513,587
Ontario Community Infrastructure Fund reserve, opening balance	**2,764,287**	1,703,280
Add: Municipal funding	**2,761,504**	2,826,255
Add: Interest earned	**227,218**	48,152
Deduct: Eligible expenditures	**(3,436,700)**	(1,813,400)
Ontario Community Infrastructure Fund reserve, closing balance	**2,316,309**	2,764,287
Canada Community Building Fund reserve, opening balance	**4,139,086**	6,949,105
Add: Municipal funding	**2,878,630**	2,961,189
Add: Interest earned	**119,367**	125,856
Deduct: Eligible expenditures	**(1,401,799)**	(5,897,064)
Canada Community Building Fund reserve, closing balance	**5,735,284**	4,139,086
	$ 11,195,793	$ 9,416,960

There is provincial and municipal legislation that restricts how these funds may be used. Cash restricted to fund these reserves is reported in Note 3.

The City has net negative obligatory development charges discussed in Note 21.

7. Long term debt

	2024	2023
Debenture, Ontario Infrastructure and Lands Corporation, repayable in monthly principal payments of $32,129 plus interest at 1.12%, maturing September 2026.	$ **674,708**	$ 1,060,250
Debenture, Ontario Infrastructure and Lands Corporation, repayable annually principal and interest payments of $809,742 bearing interest at 4.25%, maturing June 2042.	**10,045,568**	10,412,771
Debenture, Ontario Infrastructure and Lands Corporation, repayable annually principal and interest payments of $303,086 bearing interest at 4.57%, maturing December 15, 2033.	**2,196,137**	2,390,000
Debenture, Ontario Infrastructure and Lands Corporation, repayable annually principal and interest payments of $538,272 bearing interest at 4.84%, maturing December 15, 2043.	**6,590,848**	6,800,000
Debenture, Ontario Infrastructure and Lands Corporation, repayable annually principal and interest payments of $545,794 bearing interest at 4.31%, maturing December 15, 2044.	**7,218,000**	-
Debenture, Ontario Infrastructure and Lands Corporation, repayable annually principal and interest payments of $1,520,448 bearing interest at 3.89%, maturing December 15, 2034.	**12,400,000**	-
	$ 39,125,261	$ 20,663,021

The interest expense relating to the above long-term debt was $916,513 (2023 - $524,223). Principal repayments over the next five years and thereafter are as follows:

2025	$ 2,463,135
2026	2,453,391
2027	2,254,510
2028	2,348,578
2029	2,446,594
Thereafter	27,159,053
	$ 39,125,261

8. Asset retirement obligations

The City adopted PS 3280, Asset Retirement Obligations (ARO), effective January 1, 2023, using the prospective application approach without restatement of prior periods for all asset retirement obligations. In 2024, partial remediation of asbestos was completed resulting in a change to the estimated costs.

8. Asset retirement obligations (continued)

As of December 31, 2024, net asset retirement obligations of $10,531,306 have been recognized in the statement of financial position. The costs represent best estimate at current cost, using the construction CPI 2.5% to calculate the future value and the weighted average cost of debt 4.39% to discount to present value.

This estimated liability represents the legal obligation for landfill closure and post-closure care costs and for the removal of known hazardous materials in City owned buildings. The estimated total undiscounted future expenditures are $21,607,363 (2023-$21,616,363). The expenditures are expected to be incurred and the liability settled over the next 43 years.

A reconciliation of the ARO liability amount is below.

	Land Improvements	**Buildings**	**2024**	2023 (Restated) (Note 24)
Balance, beginning of year	**$ 10,082,048**	**$ 31,795**	**$ 10,113,843**	$ -
Adjustment for adoption of ARO	**-**	**-**	**-**	9,688,518
Adjustment for remediation	-	**(7,547)**	**(7,547)**	-
Accretion expense	**423,986**	**1,020**	**425,006**	425,325
Balance, end of year	**$ 10,506,034**	**$ 25,268**	**$ 10,531,302**	$ 10,113,843

9. Employee future benefits payable

	Retiree Benefits	Sick Leave	WSIB	**2024**	2023
Accrued benefit liability, beginning of year	$ 4,400,800	$ 1,315,100	$ 4,445,800	**$ 10,161,700**	$ 7,790,800
Expenses for the year	224,700	330,800	1,562,100	**2,117,600**	3,579,800
Benefits paid	(238,900)	(205,800)	(782,300)	(1,227,000)	(1,208,900)
Accrued benefit liability, end of year	$ 4,386,600	$ 1,440,100	$ 5,225,600	**$ 11,052,300**	$ 10,161,700

The Municipality provides health care and dental benefits to certain employee groups after retirement until members reach 65 years of age. The benefit costs and liabilities related to this plan are based on an actuarial valuation prepared by an independent firm. The date of the most recent actuarial valuation was as of December 31, 2023.

The Municipality is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for financing its workplace safety and insurance costs. The costs and liabilities related to WSIB are based on an actuarial valuation prepared by an independent firm. The date of the most recent actuarial valuation was as of December 31, 2023.

9. Employee future benefits payable (continued)

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

i. Interest (discount) rate

The obligation as at December 31, 2024 of the present value of future liabilities and the expenses, was determined using an annual discount rate of 4.30% per annum (Retirement Benefit Plan) (2023 – 4.30%) and 4.30% per annum (Sick Leave and WSIB Plan) (2023 – 4.30%).

ii. Salary level

Future general salary and wage levels were assumed to increase 3.00% per year (2023 – 3.00%).

iii. Health care costs

Health care costs were assumed to increase by 7.62% in 2024 and decrease by 3.12% per year to 4.50% in 2044 (2023 - assumed to increase by 7.78%).

i. Dental costs

Dental costs were assumed to increase at a rate of 7.00% in 2024 and decrease by 2.50% per year to 4.50% in 2044 (2023 – assumed to increase by 7.13%)

10. Other assets

	2024	2023
Supplies inventory	**$ 228,325**	$ 237,957

11. Tangible capital assets

For the year ended December 31, 2024

	2023 (Restated) (Note 24)	Additions	Disposals/ Transfers	**2024**
Cost				
Land	$ 61,277,467	$ 4,895,451	$ (36,885)	**$ 66,136,033**
Land Improvements	37,269,809	10,836	-	**37,280,645**
Buildings	168,448,343	5,200,718	(7,229)	**173,641,832**
Vehicles	10,232,443	46,740	(1,393,665)	**8,885,518**
Equipment and furniture	36,883,149	4,533,805	(2,148,009)	**39,268,945**
Roads and bridges	161,195,952	3,836,684	(9,284,316)	**155,748,320**
Underground and other networks	144,107,030	2,331,622	(1,274,840)	**145,163,812**
Infrastructure - vehicles and equipment	61,234,253	1,491,749	(441,959)	**62,284,043**
	680,648,446	22,347,605	(14,586,903)	**688,409,148**
Assets under construction	19,695,242	41,974,739	(31,210,623)	**30,459,358**
	$ 700,343,688	$ 64,322,344	$ (45,797,526)	**$ 718,868,506**
Accumulated amortization				
Land	$ -	$ -	$ -	**$ -**
Land Improvements	15,775,303	1,405,852	-	**17,181,155**
Buildings	45,319,897	4,228,738	(7,229)	**49,541,406**
Vehicles	6,506,853	550,046	(1,335,526)	**5,721,373**
Equipment and furniture	17,078,869	1,930,781	(2,146,456)	**16,863,194**
Roads and bridges	69,690,627	5,215,376	(9,284,316)	**65,621,687**
Underground and other networks	66,439,168	2,722,326	(1,274,840)	**67,886,654**
Infrastructure - vehicles and equipment	26,741,085	2,509,468	(416,788)	**28,833,765**
	$ 247,551,802	$ 18,562,587	$ (14,465,155)	**$ 251,649,234**
Net book value				
Land	$ 61,277,467			**$ 66,136,033**
Land Improvements	21,494,506			**20,099,490**
Buildings	123,128,446			**124,100,426**
Vehicles	3,725,590			**3,164,145**
Equipment and furniture	19,804,280			**22,405,751**
Roads and bridges	91,505,325			**90,126,633**
Underground and other networks	77,667,862			**77,277,158**
Infrastructure - vehicles and equipment	34,493,168			**33,450,278**
	433,096,644			**436,759,914**
Assets under construction	19,695,243			**30,459,359**
	$ 452,791,887			**$ 467,219,273**

Corporation of the City of Orillia
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

11. Tangible capital assets (continued)

For the year ended December 31, 2023

	2022	Additions	Disposals/ Transfers	**2023 (Restated) (Note 24)**
Cost				
Land	$ 61,296,143	$ -	$ (18,676)	**$ 61,277,467**
Land Improvements	26,004,807	11,265,002		**37,269,809**
Buildings	164,502,754	3,945,589	-	**168,448,343**
Vehicles	9,947,512	284,931	-	**10,232,443**
Equipment and furniture	32,084,573	5,014,188	(215,612)	**36,883,149**
Roads and bridges	132,451,843	38,029,397	(9,285,288)	**161,195,952**
Underground and other networks	145,261,527	120,343	(1,274,840)	**144,107,030**
Infrastructure - vehicles and equipment	61,241,694	250,280	(257,721)	**61,234,253**
	632,790,853	58,909,730	(11,052,137)	**680,648,446**
Assets under construction	21,503,889	29,382,998	(31,191,645)	**19,695,242**
	$ 654,294,742	$ 88,292,728	$ (42,243,782)	**$ 700,343,688**
Accumulated amortization				
Land	$ -	$ -	$ -	**$ -**
Land Improvements	14,386,120	1,389,183	-	**15,775,303**
Buildings	41,098,103	4,221,794	-	**45,319,897**
Vehicles	5,895,248	611,605	-	**6,506,853**
Equipment and furniture	15,450,414	1,844,067	(215,612)	**17,078,869**
Roads and bridges	74,097,617	4,878,298	(9,285,288)	**69,690,627**
Underground and other networks	64,992,230	2,721,778	(1,274,840)	**66,439,168**
Infrastructure - vehicles and equipment	24,425,671	2,573,135	(257,721)	**26,741,085**
	$ 240,345,403	$ 18,239,860	$ (11,033,461)	**$ 247,551,802**
Net book value				
Land	$ 61,296,143			**$ 61,277,467**
Land Improvements	11,618,687			**21,494,506**
Buildings	123,404,651			**123,128,446**
Vehicles	4,052,264			**3,725,590**
Equipment and furniture	16,634,159			**19,804,280**
Roads and bridges	58,354,226			**91,505,325**
Underground and other networks	80,269,297			**77,667,862**
Infrastructure - vehicles and equipment	36,816,023			**34,493,168**
	392,445,450			**433,096,644**
Assets under construction	21,503,890			**19,695,243**
	$ 413,949,340			**$ 452,791,887**

12. Accumulated surplus

	2024	2023 (Restated) (Note 24)
Reserves set aside by Council		
General operations	**$ 11,924,893**	$ 10,559,363
Capital reserves	**1,777,599**	2,507,823
Total reserves	**13,702,492**	13,067,186
Reserve funds set aside by Council		
Contingency funds	**3,109,367**	1,729,637
General operating funds	**5,678,909**	4,660,063
Capital funds	**51,256,832**	58,940,787
Legacy funds	**36,210,603**	36,210,603
Total reserve funds	**96,255,711**	101,541,090
Total reserves and reserve funds	**$ 109,958,203**	$ 114,608,276
Surpluses		
Invested in tangible capital assets (Note 11)	**$ 467,219,273**	$ 452,791,887
General fund surplus	**5,845**	73,687
Committed capital funding	**79,350,855**	46,268,916
Equity in Orillia Power Generation Corporation (Note 5)	**25,728,000**	25,228,000
Downtown Orillia Management Board surplus	**-**	85,908
Long term debt	**(39,125,261)**	(20,663,021)
Less unfunded liabilities:		
Assessments at risk	**(6,530)**	(172,990)
Employee benefit and post-employment liabilities (Note 9)	**(11,052,300)**	(10,161,700)
Asset retirement obligations (Note 8)	**(10,531,302)**	(10,113,843)
Total surpluses	**511,588,580**	483,336,844
Accumulated surplus	**$ 621,546,783**	$ 597,945,120

Reserve funds set aside by Council for future capital purposes include development charges in a net deficit position. Additional information is provided in Note 21.

13. Taxation

	Budget	**2024**	2023
Real property	**$ 79,731,009**	**$ 80,489,867**	$ 78,262,537
Payments in lieu of taxes	**5,095,327**	**4,916,747**	4,811,320
	84,826,336	**85,406,614**	83,073,857
Less: taxes collected on behalf of school boards (Note 14)	**11,901,383**	**11,837,273**	11,749,568
Net taxes available for municipal purposes	**$ 72,924,953**	**$ 73,569,341**	$ 71,324,289

13. Taxation (continued)

	Budget	2024	2023
Residential and farm	**$ 48,459,870**	**$ 48,140,813**	$ 46,577,125
Multi-residential	**4,507,650**	**4,635,539**	4,448,799
Commercial	**18,420,174**	**19,205,091**	18,741,626
Industrial	**1,537,259**	**1,587,898**	1,556,739
Net taxes available for municipal purposes	**$ 72,924,953**	**$ 73,569,341**	$ 71,324,289

14. Collection on behalf of school boards

	2024	2023
Taxes	**$ 11,901,383**	$ 11,783,797
Less: write-offs	**(64,110)**	(34,229)
	11,837,273	11,749,568
Development charges	**1,411,863**	1,272,674
	$ 13,249,136	$ 13,022,242

The Municipality is required to levy and collect taxes on behalf of the school boards. These taxes are recorded as revenue at the amounts levied. The taxes levied over (under) the amounts requisitioned, are recorded as accounts payable (receivable).

The Municipality is also required to bill and collect development charges on behalf of the school boards. Development charges collected in excess of those paid to the school boards are recorded as accounts payable.

15. Grants

	Budget	2024	2023
Operating			
Province of Ontario	**$ 1,011,846**	**$ 1,670,721**	$ 1,383,110
Government of Canada	**94,500**	**120,832**	134,510
	1,106,346	**1,791,553**	1,517,620
Capital			
Province of Ontario	**5,235,830**	**5,618,322**	2,916,502
Government of Canada	**1,059,000**	**988,008**	5,119,491
	6,294,830	**6,606,330**	8,035,993
	$ 7,401,176	**$ 8,397,883**	$ 9,553,613

16. User charges

	Budget	2024	2023
Operating			
Fees and service charges	$ 10,328,720	$ 10,504,320	$ 9,391,824
Water billings	8,855,027	9,247,889	8,567,913
Wastewater billings	8,477,920	9,450,262	9,634,146
Stormwater billings	2,799,768	2,620,039	1,905,109
	$ 30,461,435	$ 31,822,510	$ 29,498,992

17. Other revenue

	Budget	2024	2023
Penalties and interest on taxes	$ 770,000	$ 1,169,899	$ 1,027,923
Licenses and permits	1,292,877	1,135,156	1,464,406
Fines	277,150	315,442	252,998
Rents and leases	697,848	792,479	775,675
Investment income	2,120,912	9,581,542	8,888,707
Revenue from other municipalities	383,476	296,025	301,769
Other	2,702,870	2,414,285	2,409,452
	$ 8,245,133	$ 15,704,828	$ 15,120,930

18. Pension agreement

OMERS provides pension services to more than 541,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2024. The results of this valuation disclosed total actuarial liabilities of $142,489 million in respect of benefits accrued for service with actuarial assets at that date of $139,576 million indicating an actuarial deficit of $2,913 million. The actuarial deficit is lower in 2024 than in 2023. Since OMERS is a multi-employer plan, 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.

Contributions made by the Municipality to OMERS for 2024 were $2,644,531 (2023 - $2,446,821).

19. Contingencies

The Municipality is involved from time to time in litigation, which arises in the normal course of operations. In respect of any outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation.

20. Comparative figures

Certain comparative figures in these financial statements have been reclassified to conform with presentation adopted for the current year.

21. Internal Financing

The purpose of this note is to disclose the amount of obligatory development charge reserves in a deficit position that are internally financed from the City's reserve and reserve funds.

These balances were previously illustrated within Note 6 and 12, however have been moved to a separate note starting in 2023. This change is being noted for transparency.

The net amount of obligatory development charges reserves in a deficit position are as follows:

2024	2023
$ 27,444,620	$ 21,742,657

This financial position is a result of the City pre-building infrastructure in advance to support growth development. As a result, the City's reserve and reserve funds are leveraged to internally finance these requirements. This balance will be recovered through future growth development charge collections, however, the timing is development dependent. Interest is charged based on the balance of the fund, in compliance with City policy and Development Charges Act. For financial statement purposes, both the financing and the repayment are reflected as interfund transfers which are eliminated during consolidation.

22. Financial Instruments

The Municipality is exposed to credit risk, liquidity risk, interest rate risk and other price risk from its financial instruments. This note describes the Municipality's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

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 Municipality is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument default on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

22. Financial Instruments (continued)

The Municipality is exposed to credit risk through its cash and cash equivalents, investments, taxes receivable and other receivables. The Municipality measures its exposure to credit risk based on how long amounts have been outstanding and the likelihood of receiving the outstanding amounts. The Municipality's maximum exposure to credit risk at the financial statement date is the carrying value of its cash and cash equivalents, investments, taxes receivable and other receivables. Cash is held in federally regulated chartered banks. Credit risk is mitigated by the financial solvency of the organizations with balances due to the Municipality.

At year end, the amounts outstanding for the Municipality's receivables are as follows:

Taxes Receivable

	2024	2023
Current	**$ 7,788,830**	$ 5,512,726
Prior year	**2,233,574**	1,762,697
Two years and older	**1,416,540**	1,063,201
Total	**$ 11,438,944**	$ 8,338,624

Other Receivables

	2024	2023
Current	**$ 6,500,682**	$ 7,042,546
31 to 60 days	**762,125**	1,544,673
61 to 90 days	**1,219,819**	415,926
Over 90 days	**6,813,185**	3,849,391
Total	**$ 15,295,811**	$ 12,852,536

Liquidity risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Municipality will not have sufficient funds to settle a transaction on the due date. The Municipality is exposed to this risk mainly in respect of its accounts payable, and short-term and long-term liabilities. The Municipality mitigates this risk by continuously reviewing cash levels to ensure it has sufficient cash to allow it to meet its liabilities when they become due. The Municipality also holds liquid investments easily converted to cash. Accounts payable and short-term liabilities all mature in the next year and long term debt maturity is disclosed in Note 7.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Municipality is mainly exposed to interest rate risk and other price risk.

The Municipality's risk management strategies are described below.

22. Financial Instruments (continued)

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to interest rate risk through its credit facility that bears interest at a variable rate and its long-term debt that bears interest at a fixed rate. Fluctuations in prime interest rates could result in increases or decreases in the cash flow requirements of these financial instruments via increases or decreases in the related interest expense as the loans are renewed. The impact of a 1% change in interest rates on annual surplus is $321,253 (2023 - $206,630).

The Municipality manages its interest rate risk by spreading out the maturity dates of its various debentures.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Municipality is exposed to other price risk through its investment in equity instruments traded in an active market. The impact of a 10% change in the value of these equity instruments on remeasurement gains (losses) is $3,046,365 (2023 - $2,441,207).

The Municipality manages its other price risk by maintaining a diverse portfolio and by spreading out the maturity dates of its investments in equity instruments traded in an active market. The Municipality's practice is to hold investments to maturities keeping repayment of principal whole.

There have not been any changes from the prior year in the Municipality's exposure to financial instrument risks or the policies, procedures and methods it uses to manage and measure the risks.

23. Changes in accounting policies

Effective January 1, 2024, the Municipality adopted new Public Sector Accounting Handbook Standard 3400 Revenue. This change has been applied prospectively. The new standard establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred. There were no required changes to the financial statements as a result of the adoption of the new standard.

24. Prior period adjustment – recognition of landfill closure costs

On January 1, 2023 the City adopted PS 3280 Asset Retirement Obligations, using the prospective application approach. This standard establishes requirements for the recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets, including landfill closure and remediation of hazardous materials in City owned buildings upon renovation, demolition, or decommissioning (see Note 8).
Prior to the adoption of PS 3280, the City recognized a liability for landfill post-closure care costs in accordance with PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. The previously recorded liability reflected only estimated post-closure care costs and did not include landfill closure costs. As part of implementing PS 3280 and updating the City's landfill obligation estimates, management identified additional closure cost obligations associated with the City's landfill sites.

The estimated undiscounted closure costs were determined to be approximately $15,000,000. Applying the discount rate used for other asset retirement obligations in 2023 resulted in a present value liability of $7,008,235, with a corresponding net increase to tangible capital assets of $6,560,933. The difference reflects accumulated amortization and accretion recognized since the obligation arose.

The impact of this prior period adjustment is summarized below. The amounts represent the increase (decrease) in accumulated surplus resulting from the recognition of the additional landfill closure.

Consolidated Statement of Financial Position	Previously Reported	Adjustment	Restated Balance
Tangible capital assets (net)	$ 446,230,954	$ 6,560,933	$ 452,791,887
Asset retirement obligation	3,105,608	7,008,235	10,113,843
Net financial assets	150,335,583	(7,008,235)	143,327,348
Accumulated surplus	$ 598,392,422	$ (447,302)	$ 597,945,120

Consolidated Statement of Operations and Accumulated Surplus	Previously Reported	Adjustment	Restated Balance
Expenses – Environmental services	$ 21,305,747	$ 447,302	$ 21,753,049
Annual surplus	42,572,429	(447,302)	42,125,127
Accumulated surplus	$ 598,392,422	$ (447,302)	$ 597,945,120

25. Segmented reporting

In accordance with Section 2700 of the Public Sector Accounting Handbook of the Chartered Professional Accountants of Canada, the Municipality has prepared segmented financial information.

The Municipality is a municipal government entity that provides a wide range of services to its citizens. The schedule of segment disclosure provides the financial information by major reporting segments.

25. Segmented reporting (continued)

The revenue and expenses for each service area have been separately disclosed in the segmented information, and included the following activities:

General Government

The General Government reporting segment includes a wide variety of departments and functions within the Municipality. These include Council, City Manager's Office, Treasury, Clerk's Department, Human Resources, Payroll, Information Technology, Property Management, and other corporate management costs.

Protection

Protection services include Police, Fire, Bylaw Enforcement and Building Department. Police services are provided by the Ontario Provincial Police under contract.

Transportation

Transportation services include Roads, Winter Control, Transit, Parking and Street Lighting.

Environmental

Environmental services include the Sanitary Sewer, Storm Sewer and Waterworks Systems, Solid Waste Management, and Pollution Control.

Health, Social and Family

The Municipality makes payments to operate a variety of social services on their behalf. Payments are made to Simcoe Muskoka District Health Unit for Public Health and to The County of Simcoe for Paramedic, General Assistances (OW/ODSP), Homes for the Aged, Child Care and Social Housing.

Recreation and Culture

Recreation and Culture services include Parks, Recreation Programs, Recreation Facilities, Cultural Services, Orillia Opera House, Leacock Museum, and the Orillia Public Library.

Planning and Development

This category includes Planning, Zoning and Development Services, the Economic Development Committee, the Downtown Orillia Management Board, and the operation of Commercial Rental Properties.

Other

Expenses and revenue not directly attributable to a specific category are reported under this category.

25. Segmented reporting (continued)

Allocation Methods

In the preparation of segmented financial information, it is necessary to use reasonable allocation methods. For each reported segment, revenue represents both amounts that are directly attributable to the segment and amounts that are allocated. Property taxation is allocated to each segment based on the approved budget.

25. Segmented reporting (continued)

December 31, 2024	General Government	Protection	Transportation	Environmental	Health, Social and Family	Recreation and Culture	Planning and Development	Other, reserves and capital tax levy	**Consolidated**
Revenue									
Taxation	$ 9,611,097	$ 17,442,220	$ 6,026,501	$ 1,847,662	$ 8,985,373	$ 11,665,117	$ 2,586,456	$ 15,404,915	**$ 73,569,341**
Grants	502,892	1,287,504	5,728,480	186,572	-	692,435	-	-	**8,397,883**
User charges	124,961	597,435	2,058,881	23,111,413	-	5,501,650	428,170	-	**31,822,510**
Other revenue	616,339	1,313,403	79,398	1,864,357	-	1,113,001	623,980	10,094,350	**15,704,828**
Developer contributions	-	-	-	-	-	-	-	2,312,621	**2,312,621**
Total revenue	**10,855,289**	**20,640,562**	**13,893,260**	**27,010,004**	**8,985,373**	**18,972,203**	**3,638,606**	**27,811,886**	**131,807,183**
Expenses									
Salaries and wages	6,360,315	9,821,102	4,285,592	5,942,848	-	10,249,724	1,799,385	-	**38,458,966**
Goods and services	3,499,195	10,138,032	4,707,750	7,760,771	-	6,434,303	699,835	-	**33,239,886**
Contracts and Other	1,263,612	-	3,483,556	2,246,658	10,189,112	1,372,735	362,329	-	**18,918,002**
Amortization	616,977	506,572	6,720,580	5,561,044	-	5,110,263	47,151	-	**18,562,587**
Total expenses	**11,740,099**	**20,465,706**	**19,197,478**	**21,511,321**	**10,189,112**	**23,167,025**	**2,908,700**	**-**	**109,179,441**
Net revenue (expenses)	**$ (884,810)**	**$ 174,856**	**$ (5,304,218)**	**$ 5,498,683**	**$ (1,203,739)**	**$ (4,194,822)**	**$ 729,906**	**$ 27,811,886**	**$ 22,627,742**

Corporation of the City of Orillia
Notes to the Consolidated Financial Statements
December 31, 2024 and 2023

25. Segmented reporting (continued)

December 31, 2023 (Restated) (Note 24)	General Government	Protection	Transportation	Environmental	Health, Social and Family	Recreation and Culture	Planning and Development	Other, reserves and capital tax levy	**Consolidated**
Revenue									
Taxation	$ 6,507,029	$ 16,929,461	$ 5,905,232	$ 2,152,109	$ 9,356,306	$ 11,024,020	$ 3,396,959	$ 16,053,173	**$ 71,324,289**
Grants	474,700	264,051	8,579,973	-	-	227,719	7,170	-	**9,553,613**
User charges	85,395	363,493	1,955,638	21,773,271	-	4,875,811	445,384	-	**29,498,992**
Other revenue	909,347	1,682,558	79,513	832,174	278,996	385,050	-	10,953,292	**15,120,930**
Developer contributions	-	-	-	-	-	-	-	2,245,458	**2,245,458**
Total revenue	**7,976,471**	**19,239,563**	**16,520,356**	**24,757,554**	**9,635,302**	**16,512,600**	**3,849,513**	**29,251,923**	**127,743,282**
Expenses									
Salaries and wages	5,330,215	8,799,472	3,089,099	5,663,040	386,685	9,565,299	2,056,072	-	**34,889,882**
Goods and services	2,691,367	9,522,896	4,324,920	7,538,493	335,189	6,197,614	73,120	-	**30,683,599**
Contracts and Other	950,676	-	218,596	3,129,639	8,787,565	655,481	545,379	-	**14,287,336**
Amortization	581,651	526,674	6,486,693	5,421,877	-	5,175,814	47,151	-	**18,239,860**
Total expenses	**9,553,909**	**18,849,042**	**14,119,308**	**21,753,049**	**9,509,439**	**21,594,208**	**2,721,722**	**-**	**98,100,677**
Net revenue (expenses)	**$ (1,577,438)**	**$ 390,521**	**$ 2,401,048**	**$ 3,004,505**	**$ 125,863**	**$ (5,081,608)**	**$ 1,127,791**	**$ 29,251,923**	**$ 29,642,605**