CANADA
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Consolidated Financial Statements

Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of Council, Inhabitants and Ratepayers of The Corporation of the City of Cambridge.

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Cambridge (the Entity), which comprise:

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

(Hereinafter referred to as the "financial statements").

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

Basis for Opinion

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 11, 2026

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Consolidated Statement of Financial Position
As at December 31, 2025

	2025	2024
Financial assets		
Cash	$ **32,893,628**	$ 31,389,290
Taxes receivable (Note 6)	**32,157,772**	23,429,879
Trade and other receivables (Note 6)	**35,235,313**	36,318,619
Investments (Note 7)	**379,823,909**	394,711,681
	480,110,622	485,849,469
Liabilities		
Accounts payable and accrued liabilities	**51,163,786**	60,683,556
Employee future benefits (Note 8)	**85,163,007**	83,464,091
Deferred revenue - obligatory reserve funds (Note 9)	**91,054,515**	101,552,680
Deferred revenue - other	**8,615,738**	6,526,373
Long-term debt (Note 10)	**79,188,919**	60,629,680
Asset retirement obligations (Note 11)	**1,789,261**	1,387,871
	316,975,226	314,244,251
Net financial assets	**163,135,396**	171,605,218
Non-financial assets		
Tangible capital assets (Note 12)	**1,044,886,282**	950,450,981
Inventories of supplies	**447,011**	573,963
Prepaid expenses	**4,377,107**	3,790,456
	1,049,710,400	954,815,400
Accumulated surplus	**1,212,845,796**	1,126,420,618
Accumulated surplus is comprised of:		
Accumulated operating surplus (Note 16)	**1,211,863,332**	1,126,420,618
Accumulated remeasurement gains	**982,464**	-
	$ 1,212,845,796	$ 1,126,420,618

Contingent liabilities (Note 14)

Approved by

....

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The accompanying notes are an integral part of these financial statements

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Consolidated Statement of Operations and Accumulated Surplus
For the year ended December 31, 2025

	2025 Budget (Note 15)	**2025 Actual**	2024 Actual (Note 17)
Revenues			
Taxation	$ 124,304,100	**$ 126,258,830**	$ 119,461,271
User fees and charges	107,943,600	**112,493,103**	108,656,803
Penalties and interest on taxes	3,000,000	**4,922,898**	4,190,832
Investment income	3,096,100	**3,672,244**	5,243,086
Fines	1,251,300	**1,290,130**	1,045,177
Government transfers			
Canada	224,600	**314,440**	579,551
Ontario	1,163,000	**1,553,673**	1,398,713
Deferred revenue earned	7,235,100	**6,494,092**	4,235,707
Other	664,200	**2,800,221**	4,175,834
Total revenues	248,882,000	**259,799,631**	248,986,974
Other Income			
Grants and transfers related to capital			
Deferred revenue earned		**18,389,855**	11,527,850
Government transfers - Ontario		**4,444,516**	3,069,068
Government transfers - Federal		**6,003,531**	4,956,977
Contributed tangible capital assets (Note 12)		**32,739,456**	57,808,980
Share of net income for the year from GrandBridge Corporation (Note 7)		**7,889,479**	8,155,741
Interest earned on reserve funds		**4,975,524**	4,915,070
Total other income		**74,442,361**	90,433,686
Total revenues and other income	248,882,000	**334,241,992**	339,420,660
Expenses			
General government	39,955,030	**40,353,943**	33,273,139
Protection to persons and property	41,311,015	**40,597,324**	39,060,472
Transportation services	26,342,718	**25,635,685**	22,784,532
Environmental services	82,334,223	**83,254,470**	77,515,655
Health services	2,751,214	**2,455,809**	2,219,066
Social and family services	2,280,180	**2,330,966**	2,207,633
Recreation and cultural services	43,407,660	**44,742,076**	41,550,315
Planning and development	7,919,075	**9,429,005**	7,220,031
Total expenses	246,301,115	**248,799,278**	225,830,843
Annual surplus	2,580,885	**85,442,714**	113,589,817
Accumulated operating surplus, beginning of year		**1,126,420,618**	1,012,830,801
Accumulated operating surplus, end of year		**$ 1,211,863,332**	$ 1,126,420,618

The accompanying notes are an integral part of these financial statements

	2025	2024
Accumulated remeasurement gains, beginning of year	$ -	$ -
Unrealized gains attributable to:		
Principal protected notes	982,464	-
Total net unrealized gains	982,464	-
Amounts reclasified to the statement of operations:		
Principal protected notes	-	-
Net change in remeasurement gains for the year	982,464	-
Accumulated remeasurement gains, end of year	$ 982,464	$ -

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2025

		2025 Budget (Note 15)		2025 Actual		2024 Actual
Annual surplus	$	2,580,885	**$**	**85,442,714**	$	113,589,817
Acquisition of tangible capital assets				**(92,909,369)**		(75,534,585)
Amortization of tangible capital assets		-		**30,606,486**		28,234,749
Gain on disposal of tangible capital assets		-		**870,454**		(161,106)
Proceeds on disposal of tangible capital assets		-		**107,998**		476,567
Asset retirement obligations change in estimate		-		**(371,414)**		-
Contributed tangible capital assets		-		**(32,739,456)**		(57,808,980)
Change in supplies inventories		-		**126,952**		12,349
Change in prepaid expenses		-		**(586,651)**		(1,213,021)
Net remeasurement gains		-		**982,464**		-
Change in net financial assets		2,580,885		**(8,469,822)**		7,595,790
Net financial assets, beginning of year		171,605,218		**171,605,218**		164,009,428
Net financial assets, end of year	$	174,186,103	**$**	**163,135,396**	$	171,605,218

The accompanying notes are an integral part of these financial statements

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Consolidated Statement of Cash Flows
For the year ended December 31, 2025

	2025	2024
Operating		
Annual surplus	$ 85,442,714	$ 113,589,817
Items not involving cash:		
Amortization	30,606,486	28,234,749
Contributed tangible capital assets	(32,739,456)	(57,808,980)
Asset retirement obligation expenditures	29,977	91,597
Share of net income for the year from GrandBridge Corporation	(7,889,479)	(8,155,741)
Gain on disposal of tangible capital assets	870,454	(161,106)
Changes in:		
Taxes receivable	(8,727,893)	(5,545,231)
Trade and other receivables	1,083,306	(4,589,141)
Accounts payable and accrued liabilities	(9,519,770)	3,376,315
Employee future benefits	1,698,916	3,650,605
Deferred revenue - obligatory reserve funds	(10,498,165)	12,616,751
Deferred revenue - other	2,089,365	2,710,747
Inventories of supplies	126,952	12,349
Prepaid expenses	(586,651)	(1,213,021)
Cash provided from operations	51,986,756	86,809,710
Capital		
Acquisition of tangible capital assets	(92,909,369)	(75,534,585)
Proceeds on disposal of tangible capital assets	107,998	476,567
Net investment in tangible capital assets	(92,801,371)	(75,058,018)
Investing		
Dividends received from GrandBridge Corporation	4,910,786	4,754,461
Net change in marketable securities	18,848,928	(20,885,138)
Net change in cash from investing activities	23,759,714	(16,130,677)
Financing		
Debt issued	25,010,000	-
Debt principal repayment	(6,450,761)	(6,380,760)
Net change in cash from financing activities	18,559,239	(6,380,760)
Net change in cash	1,504,338	(10,759,745)
Cash, beginning of year	31,389,290	42,149,035
Cash, end of year	$ 32,893,628	$ 31,389,290
High interest savings account (Note 7)	29,606,821	66,564,142
Cash and cash equivalents, end of year	$ 62,500,449	$ 97,953,432

The accompanying notes are an integral part of these financial statements

1. Municipal status

The Corporation of the City of Cambridge ("the City") was created on January 1, 1973 when the three municipalities of Galt, Preston, and Hespeler and the settlement of Blair were amalgamated into a single legal entity under a new name.

The City operates as a lower tier government in the Province of Ontario, Canada. Cambridge provides municipal services such as fire protection, public works, water distribution, urban planning, recreation and cultural services, and other general government services. The City owns 54.339% of its subsidiary, GrandBridge Corporation.

2. Summary of significant accounting policies

The consolidated financial statements of the City are the representation of management, prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these financial statements:

(a) Basis of consolidation

(i) Consolidated entities

These consolidated statements reflect the financial assets, liabilities, operating revenues and expenses, reserve funds and reserves, changes in investment in tangible capital assets and cash flows and include the activities of all governmental functions controlled and exercised by the City and the following boards which are under the control of Council:

The Cambridge Public Library Board
Preston Towne Centre Business Improvement Area
Downtown Cambridge Business Improvement Area
Hespeler Village Business Improvement Area

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

(ii) Government Business Enterprises

GrandBridge Corporation is not consolidated but is accounted for on the modified equity basis which reflects the City's investment in the enterprises and its share of net income or loss, equity transactions and dividends received since acquisition. Under the modified equity basis, the enterprises' accounting principles are not adjusted to conform with those of the City and inter-organizational transactions and balances are not eliminated.

(iii) Accounting for Region and School Board transactions

The taxation, other revenues, expenses, assets and liabilities, with respect to the operations of the School Boards and the Regional Municipality of Waterloo, are not reflected in these consolidated financial statements.

(iv) Trust funds

Trust funds and their related operations administered by the City are not consolidated, but are reported separately on the Trust Funds Statement of Financial Position and Statement of Continuity (see Note 5).

2. Summary of significant accounting policies - Continued

(b) Basis of accounting

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

(c) Non-financial assets

Non-financial assets are not normally available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess revenues over expenses, provides the consolidated change in net financial assets for the year.

(i) 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. The cost less residual value of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Land	Not Amortized
Buildings	40 to 50 years
Vehicles	
Specialty and fire trucks	9 to 20 years
Vehicles	5 years
Computer hardware and software	5 years
Water and waste plants and networks	
Underground networks	40 to 80 years
Transportation	
Roads	25 to 35 years
Bridges and structures	30 to 50 years
Other	
Machinery and equipment	3 to 15 years
Land improvements	15 to 50 years
Leasehold improvements	24 years

The full amount of annual amortization is charged in year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets (donated)

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

(iii) Interest capitalization

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

2. Summary of significant accounting policies - Continued

(c) Non-financial assets - Continued

(iv) Works of art and cultural and historic assets

These non-operational heritage assets are not recorded in these financial statements.

(v) Leases

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

(vi) Inventories and prepaid expenses

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

Prepaid expenses relate to expenditures incurred in the current period which relate to and will be expensed in a future fiscal period.

(d) Employee future benefits

The contributions to a multi-employer, defined benefit plan are expensed when the contributions are due. The costs of post-employment benefits are recognized when the event that obligates the City occurs. Costs include projected future income payments, health care continuation costs, and fees paid to independent administrators of these plans, calculated on a present value basis.

The costs of post-employment benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, and expected health care costs. Any gains or losses from changes in assumptions or experience are amortized over the average remaining service period for active employees.

(e) Cash

Cash is comprised of accounts maintained at chartered financial institutions with an original maturity of three months or less.

(f) Investment income

Investment income is reported as revenue in the period earned. Investment income earned on obligatory reserve funds is considered deferred until the funds are applied.

2. Summary of significant accounting policies - Continued

(g) Revenue recognition

Revenues from an exchange transaction are recognized as or when the City satisfies the performance obligation. Performance obligations may be satisfied at a point in time or over a period of time. Revenues from a non-exchange transaction are recognized where there is authority and a past event that gives rise to a claim of economic resources.

Government transfers are recognized as revenues 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. Transfers are recorded as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Government transfers, contributions, and other amounts are received from third parties pursuant to legislation, regulation, or agreement and may only be used in the conduct of certain programs, in the completion of specific work, or the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible assets are acquired.

Tax revenue is recognized when it is authorized and in the period for which the tax is levied. Tax revenue reported relates to property taxes.

(h) Land held for resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

(i) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

i. an environmental standard exists;

ii. contamination exceeds the environmental standard;

iii. the City:

    is directly responsible; or

    accepts responsibility; and

iv. a reasonable estimate of the amount can be made.

A liability for contaminated sites has not been accrued for as of the current year-end.

2. Summary of significant accounting policies - Continued

(j) Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when all of the following criteria are met:

i. there is a legal obligation to incur retirement costs in related to a tangible capital asset;

ii. the past transaction or event giving rise to the liability has occurred;

iii. it is expected that future economic benefits will be given up; and

iv. a reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at the financial statement date.

When the cash flows and timing required to fulfil the retirement obligation can be reasonably estimated, a present value technique may be used to account for the obligation. The liability is discounted to its present value upon initial recognition and adjusted yearly for accretion expense. When there is uncertainty about the amount or timing of cash flows to settle the ARO, the present value technique may not be used. Uncertainties about timing and amount to settle an ARO does not remove the obligation but will affect its measurement.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset. Where the obligation relates to an asset which is no longer in service, and not providing economic benefit, or to an item not recorded by the City as an asset, the obligation is expensed upon recognition.

At each financial reporting date, the City reviews the carrying amount of the liability. Changes to the liability arising from revisions to either the timing, the amount of the original estimate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. All subsequent changes in the estimate of the related asset retirement obligation liability is recognized as an expense in the fiscal year it is incurred.

The City continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(k) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. These estimates and assumptions, including employee benefits payable, taxation assessment appeals, legal claims provisions, liability for contaminated sites, the valuation of tangible capital assets and their related useful lives and amortization, are based on management's best information and judgement and may differ significantly from future actual results.

In addition, the City's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

2. Summary of significant accounting policies - Continued

(l) Financial instruments

All financial instruments reported on the consolidated statement of financial position for the year ended December 31, 2025 are measured as follows:

Financial Asset	**Measurement Basis**
Cash	Cost/amortized cost
Trade and other receivables	Cost/amortized cost
Investments - investment in GrandBridge Corporation	Cost/amortized cost
Investments - marketable securities	
High interest savings accounts	Cost/amortized cost
Marketable securities measured at cost/amoritzed cost	Cost/amortized cost
Principal protected notes	Fair value
Pooled investment funds	Cost/amortized cost

Financial Liabilities	**Measurement Basis**
Accounts payable and accrued liabilities	Cost/amortized cost
Deferred revenue – obligatory reserve funds	Cost/amortized cost
Long-term debt	Cost/amortized cost

Financial Instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost. The unrealized remeasurement gains and losses are recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations.

Financial instruments that are subsequently measured at fair value are classified based on the observability of inputs as follows:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

Principal protected notes within investments – marketable securities are measured as level 2 financial instruments.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations.

3. Change in accounting policies

The City did not adopt any new accounting policies and there were no impacts on the financial statements.

4. Operations of School Boards and the Region of Waterloo

Further to note (2) (a) (iii), the taxation, other revenues, and requisitions of the School Boards and the Regional Municipality of Waterloo are comprised of the following:

	School Boards	Region of Waterloo
Taxation and user charges	**$ 60,826,424**	**$ 244,294,620**
Share of payments in lieu of taxes	**64,210**	**983,370**
Amounts requisitioned	**$ 60,890,634**	**$ 245,277,990**

5. Trust funds

Trust funds administered by the City amounting to **$14,317,859** (2024 - $13,730,814), have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. The trust funds under administration are composed of the following:

2025	**Balance, beginning of year**	**Receipts**	**Expenditures**	**Balance, end of year**
Cemetery Care and Maintenance Fund	$ 8,253,016	$ 701,957	$ 283,354	$ 8,671,619
Cemetery Care and Maintenance Monuments	698,173	55,422	24,022	729,573
Cemetery Charges Prepaid	3,863,124	314,272	155,805	4,021,591
Election Surplus	4,724	205	-	4,929
Arthur White Scholarship Fund	16,666	721	345	17,042
C.I.T.C. Training Cambridge	19,055	828	-	19,883
Arts Guild Improvement	46,536	12,215	5,000	53,751
Cambridge Arts Guild	617	27	-	644
Prepaid Rent	11,237	488	-	11,725
School of Architecture Bursary	58,640	2,542	3,000	58,182
Ancient Mariners Canoe Club Fund	37,546	1,581	10,516	28,611
Allan Reuter Centre Renovation	30,340	1,321	2,894	28,767
Fiddlesticks Neighbourhood Association	660,952	27,616	50,691	637,877
Cambridge Rowing Club	1,657	72	-	1,729
David Durward Centre	20,792	926	1,890	19,828
G.E. (Ted) Wake Lounge Seniors Fund	7,740	4,368	-	12,108
Total	**$ 13,730,815**	**$ 1,124,561**	**$ 537,517**	**$ 14,317,859**

2024	**Balance, beginning of year**	**Receipts**	**Expenditures**	**Balance, end of year**
Cemetery Care and Maintenance Fund	7,767,301	$ 688,958	$ 203,243	$ 8,253,016
Cemetery Care and Maintenance Monuments	660,875	54,578	17,281	698,172
Cemetery Charges Prepaid	3,670,146	372,488	179,510	3,863,124
Election Surplus	4,607	117	-	4,724
Arthur White Scholarship Fund	16,252	414	-	16,666
C.I.T.C. Training Cambridge	18,582	474	-	19,056
Arts Guild Improvement	55,076	6,460	15,000	46,536
Cambridge Arts Guild	602	15	-	617
Prepaid Rent	10,958	279	-	11,237
School of Architecture Bursary	57,182	1,457	-	58,639
Ancient Mariners Canoe Club Fund	36,666	902	22	37,546
Allan Reuter Centre Renovation	32,353	823	2,836	30,340
Fiddlesticks Neighbourhood Association	569,800	91,152	-	660,952
Cambridge Rowing Club	1,616	41	-	1,657
David Durward Centre	22,111	579	1,898	20,792
G.E. (Ted) Wake Lounge Seniors Fund	7,548	192	-	7,740
Total	**$ 12,931,675**	**$ 1,218,929**	**$ 419,790**	**$ 13,730,814**

6. Taxes and accounts receivable

Taxes receivable and accounts receivable are reported net of a valuation allowance of **$5,412,765** (2024 - $5,436,108) and **$317,442** (2024 - $317,442) respectively.

7. Investments

Investments are comprised of the following:

	2025	2024
Investment in GrandBridge Corporation		
Capital stock	**$ 131,266,308**	$ 131,266,308
Increase in equity since inception	**15,580,232**	12,601,539
	146,846,540	143,867,847
Marketable securitites		
Measured at fair value		
Principal protected notes	**23,341,043**	23,809,739
Measured at cost/amortized cost		
High interest savings accounts	**29,606,821**	66,564,142
Marketable securities	**179,829,505**	160,269,953
Pooled investment funds	**200,000**	200,000
	232,977,369	250,843,834
Total investments	**$ 379,823,909**	$ 394,711,681

Marketable securities have a market value of **$239,419,951** (2024 - $258,485,917).

On August 1, 2000, pursuant to requirements of the Ontario Government's Electricity Competition Act (Bill 35), the net assets of the Hydro Electric Commission of Cambridge and North Dumfries were transferred to Cambridge and North Dumfries Energy Plus Inc. ("Energy Plus") and affiliated companies. Energy Plus and affiliates carried on the former business of the Commission with all its rights, duties, obligations and responsibilities from the date of transfer. During 2020, the shareholders of Energy Plus approved a merger of Energy Plus with Brantford Energy Corporation, The merger closed on May 2, 2022 and the City owns 54.339% of the merged entity, GrandBridge Corporation. Prior to the merger, at December 31, 2021, the City owned 92.1% of Energy Plus. The City's investment in GrandBridge Corporation for the year ended December 31, 2025 is as follows (see note 2(a) (ii)):

	2025	2024
Investment, beginning of year	**$ 143,867,847**	$ 140,466,567
Share of GrandBridge Corporation net income for the year	**7,889,479**	8,155,741
Dividends received from GrandBridge Corporation for the year	**(4,910,786)**	(4,754,461)
Investment, end of year	**$ 146,846,540**	$ 143,867,847

7. Investments - Continued

The following table provides condensed financial information in respect of GrandBridge Corporation for its fiscal 2025 year:

		2025 (000's)		2024 (000's)
Financial position				
Current assets	**$**	**86,266**	$	78,420
Capital assets		**438,375**		391,184
Goodwill		**78,548**		78,548
Other assets		**45,784**		44,290
Total assets		**648,973**		592,442
Current liabilities		**110,877**		107,916
Long-term liabilities		**258,953**		216,891
Total liabilities		**369,830**		324,807
Net assets		**279,143**		267,635
Regulatory deferral account credit balances		**(8,607)**		(2,874)
Total shareholders' equity		**270,536**		264,761

		2025 (000's)		2024 (000's)
Statement of operations				
Revenues		**464,483**		422,988
Operating expenses		**(427,770)**		(402,552)
Non-operating expenses		**(18,318)**		(329)
Payments in lieu of corporate income taxes		**(3,876)**		(5,098)
Net income		**14,519**		15,009
City's share of net income	**$**	**7,889**	$	8,156

8. Employee and post employment benefits

The City provides certain employee benefits which will require funding in future periods. An actuarial estimate of future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements. Post-employment benefits and sick leave benefits were estimated by an actuarial update as at December 31, 2025. Workplace safety & insurance benefits was estimated by an actuarial update as at December 31, 2025.

	2025	2024	Change
Post-employment benefits	**$ 63,881,991**	$ 62,929,618	$ 952,373
Sick leave benefits	**7,937,013**	7,642,019	294,994
Workplace safety & insurance benefits	**13,344,003**	12,892,454	451,549
	$ 85,163,007	$ 83,464,091	$ 1,698,916

The significant actuarial assumptions adopted in measuring the City's accrued benefit obligations for the accumulated sick leave and post-employment benefit entitlements at December 31, 2025, are as follows:

	Sick leave and post-employment benefits	Library post-employment benefits
Future cost of long term debt	4.25%	4.50%
Future inflation rates	2.00%	2.00%
Future salaries escalations	3.00%	
Future dental premium rates escalations	4.00%	4.00%
Future health care premium rates		
2025	5.33%	5.67%
Declining by	2030 to 4.67%	2030 to 4.00%

Information about the City's benefit plan is as follows:

	2025	2024
Accrued Liability		
Balance, beginning of the year	**$ 83,464,091**	$ 79,813,486
Current service cost	**2,324,900**	2,208,416
Actuarial adjustment	**242,506**	2,490,478
Interest cost	**3,704,933**	3,532,613
Amortization of net actuarial gains/losses	**68,483**	(301,990)
Benefit payments	**(4,641,906)**	(4,278,912)
Balance, end of the year	**$ 85,163,007**	$ 83,464,091

a) Pension Plan

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

The amount contributed to OMERS for 2025 was **$8,125,072** (2024 - $7,646,888) for current service and is included as an expense on the consolidated statement of operations.

8. Employee and post employment benefits - Continued

a) Pension Plan - Continued

The OMERS pension plan has a deficit. The last available report for the OMERS plan was on December 31, 2025. At that time the plan reported a $1.3 billion actuarial deficit (2024 - $2.9 billion), based on actuarial liabilities of $151.4 billion (2024 - $142.5 billion) and actuarial net assets of $150.0 billion (2024 - $139.6 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

b) Post-employment benefits

The City makes available to qualifying employees who retire before the age of 65, the opportunity to continue their coverage for such benefits as extended health and drugs, dental care, and life insurance. Coverage ceases at the age of 65 except for life insurance and extended health and drugs. In addition, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 11 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

The actuarial valuation report estimated the liability for the above mentioned employee future benefits to be **$63,881,991** (2024 - $62,929,618) at year end based on present value of the current obligation for past and current employees.

c) Sick leave

Under the sick leave benefit plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment when they leave the City's employment. In addition, adjustments arising from the plan amendment, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 12 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

The liability for these accumulated days based on an actuarial assessment, to the extent that they have vested and could be taken in cash by an employee on termination or retirement, amounted to **$7,937,013** (2024 - $7,642,019) at the end of the year. An amount of **$415,242** (2024 - $533,180) was paid to employees who either changed union groups or left the City's employment during the current year.

The reserve fund was established to fund the cost of future employee benefits provided by the City. The balance at the end of the year was **$16,603,151** (2024 - $15,042,528).

d) Workplace safety & insurance

In 1996, in order to decrease workers' compensation expense, the City assumed the risk of workers' compensation coverage.

The potential liability, based on an actuarial valuation update for all existing claims as at December 31, 2025 amounted to **$13,344,003** (2024 - $12,892,454).

A self-insurance reserve fund for workers' compensation was established which, at December 31, 2025, amounted to **$2,350,584** (2024 - $2,342,147). Premiums which otherwise could be paid to Workplace Safety & Insurance Board are paid into the fund and workers' compensation claims are charged to the fund.

9. Deferred revenue - obligatory reserve funds

A requirement of the Public Sector Accounting Board, of the Chartered Professional Accountants of Canada, is that obligatory reserves be reported as deferred revenue, as these are restricted revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may be refunded. Deferred revenue balances are as follows:

	2025	2024
Receipts		
Development charges and user fees	**$ 12,612,701**	$ 24,967,466
Canada Community - Building Fund	**4,535,205**	4,417,988
Investment income	**3,797,237**	4,266,607
	20,945,143	33,652,061
Deferred revenue recognized and other adjustments	**(31,443,308)**	(21,035,310)
Change in deferred revenue	**(10,498,165)**	12,616,751
Deferred revenue, beginning of year	**101,552,680**	88,935,929
Deferred revenue, end of year	**91,054,515**	101,552,680
Represented as follows:		
Development charges	**69,552,393**	76,234,772
Recreational land	**7,044,830**	10,219,242
Cash in lieu of parking	**30,216**	29,110
Building permits	**8,711,519**	10,494,696
Canada Community - Building Fund	**5,715,557**	4,574,860
	$ 91,054,515	$ 101,552,680

10. Long-term debt

The City has assumed responsibility for the payment of principal and interest charges on certain long-term debt issued by the Region of Waterloo. At the end of the year, the total outstanding principal amount of this liability is **$79,188,919** (2024 - $60,629,680). This includes newly assumed debt in the amount of **$25,010,000** (2024 - $NIL). Newly assumed debt includes **$4,737,276** (2024 - $NIL) in sinking fund debentures. The debt bears interest at rates ranging from 1.11% to 5.62% per annum.

Principal repayments required over the next 5 years and thereafter are as follows:

2026 -	6,941,484
2027 -	6,282,760
2028 -	6,238,760
2029 -	6,379,760
2030 -	5,325,760
Thereafter -	48,020,395
	$ 79,188,919

Interest charges for fiscal 2025 relating to long-term debt were **$2,257,893** (2024 - $2,043,539).

11. Asset retirement obligations

The City's asset retirement obligations, recognized under PS 3280 Asset Retirement Obligations, is comprised of the following:

a) Asbestos obligation

The City owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition or renovation of the building. The Occupational Health and Safety Regulations, 1996 outlines the legal obligation to remove it. The City recognized an obligation relating to the removal of the asbestos in these buildings. The costs were based upon the presently known obligations obtained through assessments.

b) Storage tank obligation

The City owns and operates several storage tanks which represents a risk of ground contamination due to leaks and corrosion. The Hazardous Substances and Waste Dangerous Goods Regulations outlines the legal obligation to remove the tanks and clean up the surrounding soil. The City recognized an obligation relating to the removal of the tanks and the surrounding soil remediation. The costs were based upon the presently known obligations obtained through assessments.

c) Abandoned bridge obligation

Abandoned bridges fall under the Public Transportation and Highway Improvement Act. The City has identified an abandoned bridge in Cambridge. Inspection reports are prepared every two years in accordance with the Act. The City recognized an obligation relating to the removal of the bridge and any shoreline remediation. The costs were based upon the presently known obligations obtained through assessments. As the bridge is no longer in productive use, the asset retirement obligation must be expensed.

Changes to the asset retirement obligation in the year are as follows:

	Buildings (Asbestos)	Machinery & Equipment (Storage Tanks)	Infrastructure (Bridge)	Total
Opening balance, January 1, 2025	$ 727,521	$ 330,350	$ 330,000	**$ 1,387,871**
Revisions in estimate	401,390	-	-	**401,390**
Ending Balance, December 31, 2025	**$ 1,128,911**	**$ 330,350**	**$ 330,000**	**$ 1,789,261**

12. Tangible capital assets

2025	Land	Land improvements	Buildings	Leasehold improvements	Infrastructure	Information technology	Machinery & equipment	Vehicles	Assets under construction	Total
Cost										
Balance, beginning of year	$ 113,725,595	$ 142,282,618	$ 204,966,219	$ 4,338,125	$ 782,600,333	$ 22,775,081	$ 52,848,498	$ 25,237,291	$ 59,882,086	**$ 1,408,655,846**
Additions	6,365,178	37,032,958	7,885,709	-	44,104,291	1,637,518	4,209,337	3,631,698	97,266,620	**202,133,309**
Disposals	-	-	-	-	(1,484,124)	(1,203,752)	(664,055)	(1,489,883)	(76,484,485)	**(81,326,299)**
Recognition of asset retirement obligation	-	-	401,390	-	-	-	-	-	-	**401,390**
Cost, end of year	**120,090,773**	**179,315,576**	**213,253,318**	**4,338,125**	**825,220,500**	**23,208,847**	**56,393,780**	**27,379,106**	**80,664,221**	**1,529,864,246**
Accumulated amortization										
Balance, beginning of year	-	53,233,974	97,309,259	1,476,916	256,875,475	18,914,141	17,421,332	12,973,768	-	**458,204,865**
Disposals	-	-	-	-	(580,650)	(1,128,776)	(664,055)	(1,489,883)	-	**(3,863,364)**
Amortization expense		4,449,841	4,691,995	87,603	13,229,848	1,692,139	4,736,426	1,718,634	-	**30,606,486**
Recognition of asset retirement obligation	-	-	29,977	-	-	-	-	-	-	**29,977**
Accumulated amortization, end of year	**-**	**57,683,815**	**102,031,231**	**1,564,519**	**269,524,673**	**19,477,504**	**21,493,703**	**13,202,519**	**-**	**484,977,964**
Net book value, end of year	**$ 120,090,773**	**$ 121,631,761**	**$ 111,222,087**	**$ 2,773,606**	**$ 555,695,827**	**$ 3,731,343**	**$ 34,900,077**	**$ 14,176,587**	**$ 80,664,221**	**$ 1,044,886,282**

2024	Land	Land improvements	Buildings	Leasehold improvements	Infrastructure	Information technology	Machinery & equipment	Vehicles	Assets under construction	Total
Cost										
Balance, beginning of year	$ 113,322,972	$ 113,181,491	$ 197,405,491	$ 4,338,125	$ 697,141,202	$ 21,804,850	$ 45,887,559	$ 22,655,261	$ 61,671,213	**$ 1,277,408,164**
Additions	571,830	29,101,127	7,469,131	-	85,727,662	1,207,031	7,659,628	3,396,283	80,399,040	**215,531,732**
Disposals	(169,207)	-	-	-	(268,531)	(236,800)	(698,689)	(814,253)	(82,188,167)	**(84,375,647)**
Recognition of asset retirement obligation	-	-	91,597	-	-	-	-	-	-	**91,597**
Cost, end of year	**113,725,595**	**142,282,618**	**204,966,219**	**4,338,125**	**782,600,333**	**22,775,081**	**52,848,498**	**25,237,291**	**59,882,086**	**1,408,655,846**
Accumulated amortization										
Balance, beginning of year	-	50,084,742	92,762,302	1,389,313	244,205,518	17,299,538	13,622,270	12,386,855	-	**431,750,538**
Disposals	-	-	-	-	(122,279)	(236,800)	(698,687)	(814,253)	-	**(1,872,019)**
Amortization expense	-	3,149,232	4,455,360	87,603	12,792,236	1,851,403	4,497,749	1,401,166	-	**28,234,749**
Recognition of asset retirement obligation	-	-	91,597	-	-	-	-	-	-	**91,597**
Accumulated amortization, end of year	**-**	**53,233,974**	**97,309,259**	**1,476,916**	**256,875,475**	**18,914,141**	**17,421,332**	**12,973,768**	**-**	**458,204,865**
Net book value, end of year	**$ 113,725,595**	**$ 89,048,644**	**$ 107,656,960**	**$ 2,861,209**	**$ 525,724,858**	**$ 3,860,940**	**$ 35,427,166**	**$ 12,263,523**	**$ 59,882,086**	**$ 950,450,981**

12. Tangible capital assets - Continued

During the year, roads, underground networks, and other tangible capital assets contributed to the City totalled **$32,739,456** (2024 - $57,808,980) and were capitalized at their fair value at the time of receipt.

13. General insurance coverage

In order to decrease insurance premiums, the City has undertaken a portion of the risk through increased deductibles. The deductibles generally range up to $50,000 depending on the types of claims. Insurance coverage is in place for claims in excess of these deductibles up to various policy limits.

The City has made provision for a Reserve for Self-Insurance for various types of insurance, the balance of which at December 31, 2025 amounted to **$1,085,640** (2024 - $1,368,513), and is reported in Note 16 under Reserves. The City budgets annually for claims related to self-insurance and the difference between budgeted and actual claims during the year is drawn from the reserve fund. In 2025 the amount drawn from the reserve was **$307,172** (2024 - $59,100). Claims for all forms of self-insurance during the year amounting to **$753,210** (2024 - $507,744), including adjusters' fees and costs, are reported as an expenditure on the Consolidated Statement of Operations and Accumulated Surplus.

The City has an agreement with members of the Waterloo Region municipalities to purchase property damage and public liability insurance on a group basis and share a retained level of risk. The members pay an annual levy to fund insurance coverage, losses, and contribute to a surplus. The pool has purchased insurance to fund losses above a pre-determined deductible and any losses above a pre-determined total in any year.

14. Contingent liabilities

The City is involved in several legal suits of varying dollar amounts, the outcome of which is not presently determinable. No provision for possible liability has been recorded in these financial statements.

In the event the City is found liable, any amounts not recoverable from City's insurers will be adjusted against future revenues.

15. Budget figures, unaudited

Budget figures reported on the Consolidated Statement of Operations and Accumulated Surplus are based on the 2025 municipal operating and water/wastewater budgets as adopted by Strong Mayor Budget December 9, 2024.

Approved budget figures have been reclassified and adjusted for the purposes of these financial statements to comply with Public Sector Accounting Board ("PSAB") reporting requirements. The chart below reconciles the approved operating budgets to the amended budget figures:

		Budget Amount
Approved operating budget revenues	**$**	**244,656,100**
Budget amendments and reallocations		
PSAB reporting adjustments:		
Dividends from GrandBridge Corporation		(4,836,000)
Contributions from reserves and reserve funds		9,061,900
Net operating budget revenues	**$**	**248,882,000**
Approved operating budget expenses	**$**	**244,656,100**
Budget amendments and reallocations		
PSAB reporting adjustments:		
Amortization of tangible capital assets		28,234,749
Non-tangible capital asset expenditures		5,558,761
Unfunded accrual for employee future benefit obligation		3,650,605
Contributions to reserves and reserve funds		(25,231,200)
Debt principal repayments		(10,567,900)
Net operating budget expenses		**246,301,115**
Net expenses before other income		**2,580,885**

16. Accumulated operating surplus

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

	2025	2024 (Note 17)
Reserve funds		
Capital Works	**$ 4,434,726**	$ 1,652,696
Capital Works Committed	**3,221,985**	2,675,612
Wastewater Capital	**24,056,686**	20,953,757
Wastewater Rate Stabilization	**6,295,657**	5,577,736
Water System Capital	**32,136,995**	23,313,277
Water Rate Stabilization	**6,238,203**	4,860,735
Stormwater Capital	**4,082,391**	2,003,336
Sustainable Infrastructure Renewal Fund	**7,880,710**	4,107,738
Cemetery	**1,108,732**	1,195,404
Equipment	**2,334,795**	4,156,269
Facility Maintenance	**900,212**	598,048
Soccer Facility Capital	**719,041**	644,952
Library	**381,970**	494,321
Public Art	**255,710**	185,463
Energy Conservation	**2,244,090**	2,126,274
Economic Development	**7,848,128**	8,868,448
Future Employee Benefits	**16,603,151**	15,042,528
Workplace Safety and Insurance	**2,350,584**	2,342,147
Core Areas Transformation	**13,373,506**	13,622,635
Jacob Hespeler Field Capital	**464,174**	420,794
Total reserve funds	**136,931,446**	114,842,170
Reserves		
Capital Works Debt Retirement	**6,726,313**	5,073,031
Heritage Conservation	**105,710**	99,699
Archives	**41,309**	41,309
Election	**859,077**	344,577
Winter Maintenance	**-**	1,161,664
Hydro Dividend Stabilization	**2,246,596**	1,286,118
Rate Stabilization	**16,014,022**	14,433,801
Library Rate Stabilization	**456,297**	544,297
Self Insurance	**1,085,640**	1,368,513
Affordable Housing	**1,456,492**	1,419,192
Tree Canopy Management	**3,050,583**	1,928,763
Municipal Accommodation Tax	**1,878,872**	1,568,913
Waived Development Charges	**7,490,633**	11,841,506
Total reserves	**41,411,544**	41,111,383
Total reserve funds and reserves	**178,342,990**	155,953,553

16. Accumulated operating surplus - Continued

	2025	2024
Surpluses		
Invested in tangible capital assets	**1,044,886,282**	950,450,981
Invested in repair and replacement of assets	**211,306**	11,960,484
Invested in Government Business Enterprise	**146,846,540**	143,867,847
Sanitary sewage systems	**3,607,067**	3,384,000
Water supply system	**535,159**	2,379,443
Stormwater	**(3,826,148)**	(3,612,374)
General revenue fund	**6,256,450**	6,522,674
Library board	**1,031,626**	869,303
Business improvements areas	**113,247**	126,349
Amounts to be recovered		
Employee and post-employment benefits	**(85,163,007)**	(83,464,091)
Long-term debt	**(79,188,919)**	(60,629,680)
Asset retirement obligations	**(1,789,261)**	(1,387,871)
Total surplus	**1,033,520,342**	970,467,065
Accumulated operating surplus	**$1,211,863,332**	$1,126,420,618

17. Comparative figures

Certain of the prior year's comparative figures have been reclassed to conform to the current year's presentation.

18. Municipal insurance pool

In 1998, the City entered into an agreement with members of the Waterloo Region Municipalities to purchase property damage and public liability insurance on a group basis and share a retained level of risk. The members pay an annual levy to fund insurance and pre-fund expected losses. The pool has purchased insurance to fund losses above a pre-determined deductible and any losses above a pre-determined total in any year. The City's share of pool levies is **13.53%** as of May 31, 2025 (13.77% as of May 31, 2024) and any surplus is **14.07%** as of May 31, 2025 (14.05% as of May 31, 2024). The pool's surplus at May 31, 2025 is **$7,465,813** (2024 - $7,350,719).

19. Financial instruments and risk management

(a) Credit risk

Credit Risk is the risk that one party to a financial instrument will cause a financial loss of the other party by failing to discharge the obligation. The City is exposed to credit risk from its financial assets including cash and cash equivalents, trade and other receivables, and investments.

The City holds its cash accounts with chartered financial institutions.

Trade and other receivables are primarily from government, corporations, and individuals. The City measures its exposure to credit risk based on how long amounts have been outstanding. As at December 31, 2025, **$526,881** (2024 - $830,269) of accounts receivable were more than 90 days past due. Credit risk is mitigated by a highly diversified nature of debtors and other customers which minimizes its concentration of credit risk. Valuation allowances for accounts receivable are disclosed in Note 5. An impairment allowance is set up based on historical experiences regarding collections.

The City's investment policy governs the investment of surplus cash, reserves and reserve funds, and trust funds in accordance with Ontario Regulation 438/97 made under the Municipal Act. All investment by the municipality will be subject to Section 167 of the Municipal Act and Ontario Regulation 438/97 made under the Municipal Act. The goal of this policy is to invest all available funds of the Corporation in a prudent manner so as to maximize the rate of return while minimizing the degree of risk and ensuring an adequate level of liquidity under the Act.

(b) Liquidity risk

Liquidity risk is the risk that the City will not be able to meet all cash outflow obligations as they come due. The City is exposed to liquidity risk from accounts payable and accrued liabilities. The City mitigates this risk by monitoring cash activities and expected outflows through budgeting and monitoring investments that may be converted into cash to maintain sufficient funds for meeting obligations as they come due. Accounts payable and accrued liabilities are generally due within 30 days. The annual repayment obligations for municipal debt are disclosed in Note 10.

(c) 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 is comprised of currency risk, interest rate risk, and other price risk.

(i) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The City is not exposed to significant currency risk as amounts held and purchases made in foreign currency are insignificant.

(ii) 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 City is exposed to interest rate risk through its investments and long-term debt. The City is not exposed to significant interest rate risk as the City invests solely in investments subject to Section 167 of the Municipal Act and Ontario Regulation 438/97 made under the Municipal Act and long-term debt has interest rates fixed for long periods of time with the debt intended to be repaid in accordance with the terms of the respective loans.

19. Financial instruments and risk management - Continued

(c) Market risk - Continued

(iii) 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 current and interest rate risk). The City is not exposed to significant other price risks.

20. Segmented information

The City of Cambridge is a diversified municipal government institution that provides a wide range of services to its citizens, including fire, road, water distribution, sewer collection/conveyance, storm sewer, libraries, and community services.

Segmented information has been prepared by major functional classification of activities provided, consistent with the Consolidated Statement of Operations and Accumulated Surplus and provincially legislated requirements.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2.

20. Segmented information - Continued

For the year ended December 31, 2025

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total
Revenue									
Taxation	$ 39,984,495	$ 35,470,400	$ 12,145,400	$ 3,199,135	$ 1,203,300	$ 1,008,300	$ 28,945,600	$ 4,302,200	**$ 126,258,830**
User fees and charges	2,477,779	3,246,605	3,694,574	91,259,809	1,334,292	475,775	8,302,366	1,701,903	**112,493,103**
Penalties and interest on taxes	4,922,898	-	-	-	-	-	-	-	**4,922,898**
Investment income	3,576,478	-	95,766	-	-	-	-	-	**3,672,244**
Fines	7,721	454,175	828,234	-	-	-	-	-	**1,290,130**
Government transfers - Canada	93,675	-	-	-	-	-	220,765	-	**314,440**
Government transfers - Ontario	59,600	48,309	-	-	-	1,227,471	218,293	-	**1,553,673**
Deferred revenue earned	2,450,659	1,997,376	543,400	1,502,657	-	-	-	-	**6,494,092**
Other	1,238,607	6,811	(217,180)	368,022	449,898	13,131	235,282	705,650	**2,800,221**
Total revenue	**54,811,912**	**41,223,676**	**17,090,194**	**96,329,623**	**2,987,490**	**2,724,677**	**37,922,306**	**6,709,753**	**259,799,631**
Other Income									
Grants and transfers related to capital									
Deferred revenue earned	(2,313,972)	1,781,832	1,309,020	1,625,362	-	-	15,987,613	-	**18,389,855**
Government transfers - Ontario	-	-	4,384,516	-	-	-	60,000	-	**4,444,516**
Government transfers - Federal	1,156,086	-	3,760,904	(210,681)	-	-	81,321	1,215,901	**6,003,531**
Contributed tangible capital assets (Note 12)	-	-	5,644,084	26,973,791	-	-	121,581	-	**32,739,456**
Share of net income for the year from GrandBridge Corporation	7,889,479	-	-	-	-	-	-	-	**7,889,479**
Interest earned on reserve funds	936,615	-	232,513	2,574,194	45,000	-	65,133	1,122,069	**4,975,524**
Total other income	**7,668,208**	**1,781,832**	**15,331,037**	**30,962,666**	**45,000**	**-**	**16,315,648**	**2,337,970**	**74,442,361**
Total revenues and other income	**62,480,120**	**43,005,508**	**32,421,231**	**127,292,289**	**3,032,490**	**2,724,677**	**54,237,954**	**9,047,723**	**334,241,992**
Expenses									
Salaries wages and employee benefits	27,181,557	34,642,107	10,311,457	8,793,775	1,671,549	1,618,733	22,818,973	5,508,501	**112,546,652**
Long term debt charges	31,927	-	574,811	663,406	-	-	987,749	-	**2,257,893**
Materials	7,989,648	1,126,349	3,978,499	3,441,263	268,086	271,540	6,155,856	2,487,390	**25,718,631**
Contracted services	4,056,643	2,304,431	3,890,192	46,447,174	151,790	340,992	4,218,457	475,946	**61,885,625**
Rents and financial expenses	8,812,652	-	213,474	1,914,004	-	-	1,596,014	65,660	**12,601,804**
External transfers	463,738	-	52,317	-	-	-	1,767,731	898,401	**3,182,187**
Amortization of tangible capital assets	2,252,260	910,563	6,914,614	13,864,983	167,852	-	6,470,204	26,010	**30,606,486**
Interfunctional adjustments	(10,434,482)	1,613,874	(299,679)	8,129,865	196,532	99,701	727,092	(32,903)	**-**
Total expenses	**40,353,943**	**40,597,324**	**25,635,685**	**83,254,470**	**2,455,809**	**2,330,966**	**44,742,076**	**9,429,005**	**248,799,278**
Annual surplus (deficit)	**$ 22,126,177**	**$ 2,408,184**	**$ 6,785,546**	**$ 44,037,819**	**$ 576,681**	**$ 393,711**	**$ 9,495,878**	**$ (381,282)**	**$ 85,442,714**

20. Segmented information - Continued

For the year ended December 31, 2024 (Note 17)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total
Revenue									
Taxation	$ 34,515,036	$ 33,715,400	$ 11,608,400	$ 6,374,235	$ 989,800	$ 579,600	$ 27,847,900	$ 3,830,900	**$ 119,461,271**
User fees and charges	2,069,700	4,267,832	6,740,000	85,418,657	1,283,216	430,067	7,218,620	1,228,711	**108,656,803**
Penalties and interest on taxes	4,190,832	-	-	-	-	-	-	-	**4,190,832**
Investment income	5,243,086	-	-	-	-	-	-	-	**5,243,086**
Fines	-	421,670	623,507	-	-	-	-	-	**1,045,177**
Government transfers - Canada	373,367	2,319	-	-	-	25,000	178,865	-	**579,551**
Government transfers - Ontario	70,100	-	-	-	-	1,110,320	218,293	-	**1,398,713**
Deferred revenue earned	2,139,924	295,100	300,600	1,500,083	-	-	-	-	**4,235,707**
Other	989,734	-	1,930,500	(431,715)	522,444	24,820	289,076	850,975	**4,175,834**
Total revenue	**49,591,779**	**38,702,321**	**21,203,007**	**92,861,260**	**2,795,460**	**2,169,807**	**35,752,754**	**5,910,586**	**248,986,974**
Other Income									
Grants and transfers related to capital									
Deferred revenue earned	(135,194)	221,891	6,708,216	389,011	-	-	4,343,926	-	**11,527,850**
Government transfers - Ontario	-	-	3,007,314	-	-	-	61,754	-	**3,069,068**
Government transfers - Federal	424,372	-	3,664,621	73,781	-	-	481,906	312,297	**4,956,977**
Contributed tangible capital assets (Note 12)	-	-	7,599,702	49,549,426	2	-	659,850	-	**57,808,980**
Share of net income for the year from GrandBridge Corporation	8,155,741	-	-	-	-	-	-	-	**8,155,741**
Interest earned on reserve funds	992,494	-	479,155	2,339,578	34,784	-	61,364	1,007,695	**4,915,070**
Total other income	**9,437,413**	**221,891**	**21,459,008**	**52,351,796**	**34,786**	**-**	**5,608,800**	**1,319,992**	**90,433,686**
Total revenues and other income	**59,029,192**	**38,924,212**	**42,662,015**	**145,213,056**	**2,830,246**	**2,169,807**	**41,361,554**	**7,230,578**	**339,420,660**
Expenses									
Salaries wages and employee benefits	25,687,957	32,639,293	9,498,412	7,977,803	1,423,525	1,506,775	20,904,471	4,615,495	**104,253,731**
Long term debt charges	46,068	-	483,604	713,229	-	-	800,638	-	**2,043,539**
Materials	8,490,995	1,617,110	3,090,835	3,326,867	237,432	341,132	6,195,608	1,158,645	**24,458,624**
Contracted services	4,300,308	2,312,111	2,910,000	44,257,402	215,671	359,726	4,568,798	445,666	**59,369,682**
Rents and financial expenses	1,996,033	-	206,666	94,842	-	-	1,652,934	96,973	**4,047,448**
External transfers	672,566	-	40,878	-	-	-	1,790,688	918,938	**3,423,070**
Amortization of tangible capital assets	2,394,042	892,842	7,000,324	12,695,225	129,253	-	5,097,053	26,010	**28,234,749**
Interfunctional adjustments	(10,314,830)	1,599,116	(446,187)	8,450,287	213,185	-	540,125	(41,696)	**-**
Total expenses	**33,273,139**	**39,060,472**	**22,784,532**	**77,515,655**	**2,219,066**	**2,207,633**	**41,550,315**	**7,220,031**	**225,830,843**
Annual surplus (deficit)	**$ 25,756,053**	**$ (136,260)**	**$ 19,877,483**	**$ 67,697,401**	**$ 611,180**	**$ (37,826)**	**$ (188,761)**	**$ 10,547**	**$ 113,589,817**