



# **Consolidated financial statements of The Regional Municipality of Peel**

For the year ended December 31, 2025

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## Independent Auditor's Report

To the Members of  
Council of the Regional Municipality of Peel

### Opinion

We have audited the consolidated financial statements of the Regional Municipality of Peel, which comprise the statement of financial position as at December 31, 2025, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Regional Municipality of Peel as at December 31, 2025, and the results of its operations, change in net financial assets and its 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of the Regional Municipality of Peel in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Regional Municipality of Peel'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 Regional Municipality of Peel or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Regional Municipality of Peel'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 GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Regional Municipality of Peel'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 Regional Municipality of Peel'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 Regional Municipality of Peel 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 activities within the Regional Municipality of Peel as a basis of forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
June 18, 2026

# The Regional Municipality of Peel

## Consolidated Statement of Financial Position

As at December 31, 2025

(All dollars in thousands)

	2025	2024
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 541,553	\$ 365,024
Accounts receivable (Note 3)	311,066	435,343
Loans receivable (Note 4)	30,912	27,544
Portfolio investments (Note 2)	2,993,610	2,946,180
Recoverable gross long-term debt from area municipalities (Note 9)	493,934	329,933
	<b>4,371,075</b>	4,104,024
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	828,275	932,399
Deferred revenue (Note 6)	277,634	262,703
Employee future benefits and post-employment liabilities (Note 7)	375,365	321,031
Asset retirement obligations (Note 8)	113,679	103,752
Other liabilities	4,613	4,463
Long-term debt (Note 9)	2,310,319	1,705,132
Loans payable by Peel Housing Corporation (Note 9)	76,156	64,992
	<b>3,986,041</b>	3,394,472
	<b>385,034</b>	709,552
<b>NET FINANCIAL ASSETS</b>		
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 12)	14,830,050	13,806,472
Prepaid expenses	45,750	52,883
Inventory	8,523	8,885
	<b>\$ 14,884,323</b>	\$ 13,868,240
Accumulated surplus comprised of:		
Accumulated operating surplus	15,242,397	14,561,511
Accumulated remeasurement gain	26,960	16,281
<b>ACCUMULATED SURPLUS (Note 11)</b>	<b>\$ 15,269,357</b>	<b>\$ 14,577,792</b>

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

# The Regional Municipality of Peel

## Consolidated Statement of Operations

For the year ended December 31, 2025  
(All dollars in thousands)

	2025 Budget (Note 13)	<b>2025 Actual</b>	2024 Actual
<b>REVENUES</b>			
Taxation revenue	\$ 1,676,115	<b>\$ 1,687,928</b>	\$ 1,490,297
Direct charges on ratepayers	613,541	<b>618,771</b>	574,613
Government transfers	1,375,949	<b>1,291,229</b>	1,136,851
Contributions - developers	1,068,182	<b>113,960</b>	299,152
Contributed tangible capital assets	-	<b>108,555</b>	102,575
Investment income	105,454	<b>118,363</b>	112,259
Fees, service charges and other	224,337	<b>526,326</b>	235,313
<b>Total revenues</b>	<b>5,063,578</b>	<b>4,465,132</b>	<b>3,951,060</b>
<b>EXPENSES (Note 14)</b>			
General government	83,548	<b>108,255</b>	115,907
Protection to property and persons	807,499	<b>839,208</b>	734,528
Transportation services	170,130	<b>178,563</b>	167,989
GO Transit	848	<b>848</b>	6,116
Gas tax transferred to area municipalities	39,443	<b>40,009</b>	37,865
Environmental services	753,950	<b>768,613</b>	740,279
Health services	306,405	<b>305,077</b>	298,727
Social and family services	1,323,365	<b>1,166,031</b>	1,022,706
Social housing	374,233	<b>348,233</b>	311,986
Planning and development	8,743	<b>8,963</b>	10,388
Assessment/other	20,446	<b>20,446</b>	19,827
<b>Total expenses</b>	<b>3,888,610</b>	<b>3,784,246</b>	<b>3,466,318</b>
Annual operating surplus	1,174,968	<b>680,886</b>	484,742
Accumulated operating surplus, beginning of year	14,561,511	<b>14,561,511</b>	14,076,769
<b>ACCUMULATED OPERATING SURPLUS, END OF YEAR (Note 11)</b>	<b>\$ 15,736,478</b>	<b>\$ 15,242,397</b>	<b>\$ 14,561,511</b>

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

## The Regional Municipality of Peel

### Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2025

(All dollars in thousands)

	2025 Budget (Note 13)	2025 Actual	2024 Actual
<b>ANNUAL OPERATING SURPLUS</b>	\$ 1,174,968	\$ 680,886	\$ 484,742
Acquisition of tangible capital assets	(1,200,453)	(1,244,563)	(925,648)
Amortization of tangible capital assets	309,639	322,622	319,613
Contributed tangible capital assets	-	(108,555)	(102,575)
Loss on sale of tangible capital assets	-	401	15,716
Proceeds on sale of tangible capital assets	-	6,517	1,472
	284,154	(342,692)	(206,680)
Acquisition of inventory	-	(14,103)	(11,660)
Acquisition of prepaid expenses	-	(21,580)	(26,647)
Consumption of inventory	-	14,465	12,731
Use of prepaid expenses	-	28,713	13,836
Change in remeasurement gain for the year	-	10,679	(459)
	-	18,174	(12,199)
Change in net financial assets	\$ 284,154	\$ (324,518)	\$ (218,879)
Net financial assets, beginning of year	709,552	709,552	928,431
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 993,706	\$ 385,034	\$ 709,552

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

## The Regional Municipality of Peel

### Consolidated Statement of Remeasurement Gains

For the year ended December 31, 2025

(All dollars in thousands)

	2025	2024
<b>ACCUMULATED REMEASUREMENT GAIN, BEGINNING OF YEAR</b>	<b>\$ 16,281</b>	\$ 16,740
Unrealized gain (loss) attributable to:		
Portfolio Investments	<b>10,679</b>	(459)
Remeasurement gain (loss) for the year	<b>10,679</b>	(459)
<b>ACCUMULATED REMEASUREMENT GAIN, END OF YEAR</b>	<b>\$ 26,960</b>	\$ 16,281

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

# The Regional Municipality of Peel

## Consolidated Statement of Cash Flows

For the year ended December 31, 2025

(All dollars in thousands)

	2025	2024
<b>OPERATING ACTIVITIES</b>		
Annual operating surplus	\$ 680,886	\$ 484,742
Items not involving cash		
Amortization of tangible capital assets	322,622	319,613
Loss on sales of tangible capital assets	401	15,716
Contributed tangible capital assets	(108,555)	(102,575)
Change in non-cash assets and liabilities (Note 15)	(57,011)	(8,240)
Net change in cash and cash equivalents from operating activities	838,343	709,256
<b>CAPITAL ACTIVITIES</b>		
Proceeds on sale of tangible capital assets	6,517	1,472
Cash used to acquire tangible capital assets	(1,244,563)	(925,648)
Net change in cash and cash equivalents from capital activities	(1,238,046)	(924,176)
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposals and redemptions of investments	747,599	966,483
Acquisition of investments	(784,350)	(988,458)
(Increase) decrease in loans receivable	(3,368)	236
Net change in cash and cash equivalents from investing activities	(40,119)	(21,739)
<b>FINANCING ACTIVITIES</b>		
Proceeds on debt issuance	756,974	450,000
Repayment of long-term debt	(52,304)	(43,938)
Accrual for interest payments	(3,390)	702
Contributions to sinking fund	(47,810)	(50,608)
Investment income earned on sinking fund	(21,935)	(20,645)
Repayment of mortgages payable	(15,184)	(16,291)
Net change in cash and cash equivalents from financing activities	616,351	319,220
Net change in cash and cash equivalents	176,529	82,561
Cash and cash equivalents, beginning of year	365,024	282,463
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 541,553</b>	<b>\$ 365,024</b>
<b>Cash and cash equivalents are comprised of the following:</b>		
Cash	\$ 233,196	\$ 245,015
Cash equivalents	308,357	120,009
	541,553	365,024
Cash paid for interest	95,578	79,438
Cash received for interest	136,602	129,071

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

# The Regional Municipality of Peel

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2025  
(All dollars in thousands)

The Regional Municipality of Peel ("Region") is an upper-tier municipality in the Province of Ontario ("Province"), Canada. The provisions of provincial statutes such as the *Municipal Act, 2001*, *Municipal Affairs Act* and related legislation guide its operations.

### 1. Significant Accounting Policies

The consolidated financial statements ("financial statements") of the Region are the representation of management and are prepared in accordance with Canadian public sector accounting standards ("PSAS"), as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada").

The focus of these financial statements is on the financial position of the Region and the changes thereto. The consolidated statement of financial position includes all the financial assets and liabilities of the Region as well as non-financial assets. Financial assets are those assets that could provide resources to discharge existing liabilities or finance future operations. Net financial assets form a part of the financial position and are the difference between financial assets and liabilities. This provides information about the Region's overall future revenue requirements and its ability to finance activities and meet its obligations. Non-financial assets are normally used to deliver services. Their value lies with their service potential rather than their ability to generate future cash inflows. They form part of the Region's financial position, as they provide resources that the Region can employ in the future to meet its objectives. The accumulated surplus is made up of the combination of net financial assets and non-financial assets and includes the accumulated remeasurement gain/loss.

Significant aspects of the accounting policies adopted by the Region are as follows:

#### a) **Basis of Presentation**

The financial statements reflect the financial activities of all entities that are accountable to and controlled by the Region, which include:

- Peel Police Services Board ("Peel Police")
- Peel Housing Corporation ("PHC")

All inter-departmental and inter-organizational transactions are eliminated on consolidation. Also included are the Regional contributions to the local conservation authorities, and the funding thereof. The Region is required, by legislation, to reimburse the Municipal Property Assessment Corporation for the cost of Assessment Services that are not administered or controlled by the Region. The Region is required under provincial legislation to reimburse the Ontario Provincial Police (“OPP”) for policing services provided to Caledon, which are not within the Region’s control.

Funds held in trust by the Region for residents of Peel Manor and Sheridan Villa Senior Citizens’ Residences, the Tall Pines and Malton Village Long-Term Care Centres, and the Vera M. Davis Community Care Centre in the amount of \$282 (2024 - \$264), are not included in these financial statements. The financial activity and position of the trust funds are reported separately in the trust funds financial statements.

The Region maintains separate funds for the purpose of providing for periodic repayments on debt to be retired by means of sinking funds. The financial activity and position of this fund are disclosed separately in the debt retirement funds and the sinking funds financial statements.

b) **Basis of Accounting**

**i. Accrual Method of Accounting**

The Region follows the accrual method of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are the cost of goods or services acquired in the period, whether or not payment has been made or invoices received.

**ii. Cash and Cash Equivalents**

Cash and cash equivalents include short-term, highly liquid investments with a term to maturity of 90 days or less as at December 31.

**iii. Loans Receivable**

Loans receivable are initially valued at cost. Recoverability is reviewed annually and a valuation allowance is recorded when recoverability is impaired. A loan receivable is written off when it is no longer recoverable. Recoveries of loans receivable previously written off are recognized in the year received. Interest revenue is recognized as it is earned.

#### **iv. Deferred Revenue - Obligatory Reserve Funds**

The Region receives certain payments that are restricted as to use. These include transfer payments from other levels of government for specific programs (such as the Canada Community Building Fund and provincial gas tax programs), as well as development charges ("DC"). Development charges are collected under the authority of Sections 33 to 35 of the *Development Charges Act, 1997*.

These funds are reported as deferred revenue in accordance with PSAS. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period in which the funds are expended on qualifying capital projects. Development charges will also be applied to cover costs for servicing debt including interest on borrowings and contributions to sinking funds to retire debt.

#### **v. Employee Future Benefits and Post-Employment Liabilities**

The Region accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan.

Vacation entitlements are accrued for as entitlements are earned.

Peel Police employees are entitled to an incidental sick-leave bank in which unused incidental sick days accumulate. Upon retirement, members may use up to 50% of their accumulated sick-leave bank. These entitlements are accrued as the related benefits are earned.

Other post-employment benefits and compensated absences are accrued in accordance with the projected benefit method, pro-rated on service and management's best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are generally performed triennially. The discount rate used to determine the accrued benefit obligation was determined by reference to the Region's short and long-term rate of borrowing. Unamortized actuarial gains/losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups. Unamortized actuarial gains/losses for event-triggered liabilities, such as those determined as claims related to Workplace Safety and Insurance Board ("WSIB"), are recorded when determined.

Costs related to prior-period employee services arising out of plan amendments are recognized in the period in which the plan is amended.

Where applicable, the Region has set aside reserves intended to fund these obligations, either in full or in part. These reserves were created under municipal

by-law and do not meet the definition of a plan asset under PSAS 3250 Retirement Benefits. Therefore, for the purposes of these financial statements, the plans are considered unfunded.

**vi. Asset Retirement Obligations**

An asset retirement obligation (“ARO”) is recognized when, as at the financial reporting date, all of the following criteria are met:

- a. There is a statutory, contractual, or legal obligation to incur retirement costs in relation to a tangible capital asset;
- b. The past transaction or event giving rise to the liability has occurred;
- c. It is expected that future economic benefits will be given up; and
- d. A reasonable estimate of the amount can be made

The Region recognizes a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that results from the normal use of the asset when the asset is recorded. The liabilities are measured at management’s best estimate of the undiscounted future cash flows required to settle the retirement obligation. For tangible capital assets that are still in productive use, the estimated retirement costs are capitalized and amortized on the same basis as the related tangible capital asset. For assets that are not recorded or are no longer in productive use, the liability is expensed in the period.

The liability is reviewed at each financial reporting date and adjusted for any revisions to the timing or amount required to settle the obligation. The changes in the liability for the passage of time are recorded as an accretion expense in the Consolidated Statement of Operations and all other changes are adjusted to the tangible capital asset. Actual costs incurred are charged against the ARO to the extent of the liability recorded. Differences between actual costs incurred and the liability, if any, are recognized in the Consolidated Statement of Operations when remediation is completed.

The costs to close an existing landfill site and to maintain closed landfill sites are based on the future estimated expenditures required over a twenty-five year period, discounted using the Region’s long-term borrowing rate. These costs are reported as a liability on the consolidated statement of financial position. Landfill sites are amortized using the units of production method based upon capacity used during the year.

**vii. Financial Instruments**

Financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, mortgages payable and long-term debt.

The carrying value of the financial instruments reported on the Statement of Financial Position are measured as follows:

<b>Instrument</b>	<b>Method</b>
Cash and cash equivalents	Cost
Accounts receivable	Amortized cost
Portfolio investments	Amortized cost
Equity Investments	Fair value
Loans receivable	Amortized cost
Recoverable gross long-term debt from area municipalities	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Gross long-term liabilities	Amortized cost

Amortized costs are amounts measured using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities). This includes allocating the interest revenue or interest expense over the relevant period, based on the effective interest rate. This methodology is applied to financial assets or financial liabilities that are not in the fair value category.

Equity instruments quoted in an active market are subsequently measured at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless the Region elects to carry the financial instrument at fair value. The Region has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains. They are recorded in the Consolidated Statement of Operations when they are realized.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs incurred on the acquisition of financial instruments recorded at cost are included in the cost.

Cash and cash equivalents, accounts receivable, and accounts payable are recorded at amortized cost.

For financial instruments in the fair value measurement category, financial instruments are classified as level 1, 2, or 3 for the purposes of describing the basis

of the inputs used to measure the fair value of the financial instrument, as described below:

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

Level 2: Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued to establish what the transaction price would have been on the measurement date in an arm's length transaction.

### **viii. Liability for Contaminated Sites**

A liability for the remediation of a contaminated site is recognized as the best estimate of the amount required to remediate the contaminated site when the following specified criteria are present:

- Contamination exceeding an environmental standard exists,
- The Region is either directly responsible or accepts responsibility,
- It is expected that the future economic benefit will be given up, and
- A reasonable estimate of the amount is determinable.

If the likelihood of the Region's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the Notes to the financial statements.

### **ix. Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

#### **a. Tangible Capital Assets**

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Region does not have any tangible capital assets recognized at nominal value. The cost, less residual value, of tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

<b>Assets</b>	<b>Useful life - years</b>
Land improvements	5 - 99
Buildings	20 - 100
Building improvements	8 - 100
Leasehold improvements	2 - 40
Equipment and furnishings	3 - 80
Linear	15 - 90
Linear improvements	50
Structures	20 - 60
Vehicles	3

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is put into service.

**b. Contributions of Tangible Capital Assets**

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

**c. Interest Capitalization**

The Region capitalizes interest costs associated with the acquisition or construction of a tangible capital asset relating to certain projects.

**d. Natural Resources**

Natural resources that have not been purchased are not recognized as assets in the financial statements.

**x. Taxation Revenue**

Property tax revenue is recognized when the tax is authorized by the passing of the tax levy by-law. Taxes are levied on properties listed on the assessment roll at the time the by-law is passed based on the approved budget and tax rates. Supplementary taxation is recognized as additional billings issued to properties that are added to the assessment roll during the year.

At year-end, the Region evaluates the likelihood of having to repay taxes as a result of tax appeals or other changes and recognizes a liability if the amount can be reasonably estimated.

**xi. Government Transfers**

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Any grants or transfers with unmet performance obligations at the end of the fiscal year are recorded as deferred revenue.

**xii. Investment Income**

Investment income earned on cash and portfolio investments (other than investment income allocated to obligatory reserve funds) are reported as revenue in the period earned. Investment income on unspent obligatory reserve funds is added to obligatory reserve fund balances.

**xiii. Revenue recognition**

Revenues arising from transactions with performance obligations are recognized as the performance obligation is satisfied by providing the relevant services. Revenue from transactions with no performance obligations are recognized when there is an authority to claim or retain an inflow of economic resources and there is a past transaction or event that gives rise to an asset.

**xiv. Use of Estimates**

The preparation of these financial statements in conformity with PSAS 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 amount of revenues and expenses during the period. Significant estimates relate to accounts receivable, accrued liabilities, asset retirement obligations, liabilities for contaminated sites, employee future benefits and post-employment liabilities and expenses. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

## 2. Cash and Cash Equivalents and Portfolio Investments

Cash and cash equivalents and portfolio investments reported on the Consolidated Statement of Financial Position have carrying value and market values as follows:

<b>2025</b>	<b>Carrying Value</b>	<b>Market Value</b>
Cash	\$ 233,196	\$ 244,265
Cash equivalents	308,357	308,339
<b>Cash and cash equivalents</b>	<b>\$ 541,553</b>	<b>\$ 552,604</b>
<b>Portfolio investments</b>	<b>\$ 2,993,610</b>	<b>\$ 2,949,121</b>

<b>2024</b>	<b>Carrying Value</b>	<b>Market Value</b>
Cash	\$ 245,015	\$ 245,015
Cash equivalents	120,009	119,982
<b>Cash and cash equivalents</b>	<b>\$ 365,024</b>	<b>\$ 364,997</b>
<b>Portfolio investments</b>	<b>\$ 2,946,180</b>	<b>\$ 2,869,882</b>

Included in the Region's investment portfolio is a Peel Region debenture at a coupon rate of 2.15% (2024 - 2.15%) with a carrying value \$2,694 (2024 - \$2,693).

All equity investments are held at fair value. In 2025, the total unrealized gain increased by \$10,679 for a total unrealized gain of \$26,960 (2024 - \$16,281), as presented on the Statement of Remeasurement Gains.

## 3. Accounts Receivable

The balance for accounts receivable is comprised of the following:

	<b>2025</b>	<b>2024</b>
Federal and provincial governments	\$ 74,576	\$ 83,023
Other municipalities	29,242	24,747
Water and wastewater billings	119,464	130,404
Development Charges receivable	-	61,807
Accrued interest	23,508	23,908
Sundry	64,276	111,434
<b>Total</b>	<b>\$ 311,066</b>	<b>\$ 435,343</b>

## 4. Loans Receivable

The balance for loans receivable includes the following:

- a) A 30-year memorandum of understanding at 5.196% with Credit Valley Conservation ("CVC") to be used to finance the renovation of their head office facility.
- b) A loan to Shalimar International Housing Corporation; interest to be charged based on the prevailing capital market rate beginning September 1, 2031; all principal and interest owing to be repaid by September 2, 2046.
- c) A loan to Ahneen Co-operative Homes; interest to be charged based on the prevailing capital market rate beginning February 1, 2027; all principal and interest owing to be repaid by February 2, 2042.
- d) A loan to Forum Italia Non-Profit Housing Corporation; interest to be charged based on the prevailing capital market rate beginning July 2, 2025; all principal and interest owing to be repaid by July 2, 2040.
- e) A loan to Grace Retirement and Community Enterprises Inc.; interest to be charged based on the prevailing capital market rate beginning August 2, 2018; all principal and interest owing to be repaid by August 2, 2033.
- f) A loan to Chegoggin Co-operative Homes with an additional loan disbursement issued in 2025; interest to be charged based on the prevailing capital market rate beginning December 2, 2027; all principal and interest owing to be repaid by December 2, 2042.
- g) A loan to Indo-Canadian Non-Profit Housing; interest to be charged based on the prevailing capital market rate beginning September 2, 2026; all principal and interest owing to be repaid by September 2, 2041.
- h) An interest-free subsidy agreement with Erin Court Co-operative Homes; repayable through future operational surpluses.
- i) A loan to Las Americas Co-operative Homes; interest to be charged based on the prevailing capital market rate beginning July 2, 2028; all principal and interest owing to be repaid by July 2, 2043.
- j) A loan to Bristol Road Labourers' Local 183 Non-Profit Homes; interest to be charged based on the prevailing capital market rate beginning July 1, 2028; all principal and interest owing to be repaid by July 2, 2043.
- k) A loan to Wawel Villa; interest to be charged based on the prevailing capital market rate beginning April 1, 2031; all principal and interest owing to be repaid by April 2, 2046.

- l) A loan to Yarl Co-operative Homes; interest to be charged based on the prevailing capital market rate beginning April 1, 2030; all principal and interest owing to be repaid by April 2, 2045.

	2025	2024
CVC - memorandum of understanding	\$ 4,725	\$ 4,908
Shalimar International Housing - loan agreement	767	767
Ahneen Co-operative Homes - loan agreement	778	778
Forum Italia Non-Profit Housing - loan agreement	1,487	1,517
Grace Retirement and Community Enterprises Inc. - loan agreement	1,531	1,702
Chegoggin Co-operative Homes - loan agreement	5,290	1,653
Indo-Canadian Non-Profit Housing - loan agreement	1,585	1,585
Erin Court Co-operative Homes - subsidy agreement	418	418
Las Americas Co-operative Homes - loan agreement	3,712	3,658
Bristol Rd Labourer's Local 183 Non-Profit Homes - loan agreement	4,834	4,834
Wawel Villa Inc - loan agreement	2,235	2,174
Yarl Co-operative Homes - loan agreement	3,550	3,550
<b>Total</b>	<b>\$ 30,912</b>	<b>\$ 27,544</b>

- m) Future Repayments

Estimated future receipts of loans receivable are as follows:

	Total
2026	193
2027	203
2028	215
2029	225
2030	238
Subsequent to 2030	29,838
<b>Total</b>	<b>\$ 30,912</b>

## 5. Accounts Payable and Accrued Liabilities

The balance for accounts payable and accrued liabilities is comprised of the following:

	2025	2024
Trade accounts payable	\$ 786,031	\$ 641,394
Provincial government	24,304	274,371
Other municipalities	15,940	16,634
Liability for contaminated sites	2,000	-
<b>Total</b>	<b>\$ 828,275</b>	<b>\$ 932,399</b>

- a) The decrease in the Provincial government payable balance is attributable to the sunset of the GO Growth Framework, effective December 31, 2025, under which municipal financial contributions are no longer required.
- b) The Region reports environmental liabilities related to the management and remediation of contaminated sites where the Region is responsible or accepts responsibility for incurring costs. A contaminated site liability of \$2,000 (2024 - \$Nil) has been recorded based on an environmental assessment for the site where an assessment has been conducted.

## 6. Deferred Revenue

Deferred revenues set aside for specific purposes by legislation, regulation or agreement as at December 31, are composed of the following:

	Opening balance	Receipts	Revenue earned	Closing balance
Development Charges	\$ -	\$ 113,960	\$ 113,960	\$ -
Development Charges Receivable	61,807	(61,807)	-	-
Canada Community-Building Fund	84,653	51,036	41,217	94,472
Provincial Gas Tax	99	322	318	103
<b>Deferred revenue - obligatory reserve funds</b>	<b>\$ 146,559</b>	<b>\$ 103,511</b>	<b>\$ 155,495</b>	<b>\$ 94,575</b>
General - Region	110,688	183,404	116,767	177,325
General - PHC	5,456	278	-	5,734
<b>Deferred revenue - general</b>	<b>\$ 116,144</b>	<b>\$ 183,682</b>	<b>\$ 116,767</b>	<b>\$ 183,059</b>
<b>Total deferred revenues</b>	<b>\$ 262,703</b>	<b>\$ 287,193</b>	<b>\$ 272,262</b>	<b>\$ 277,634</b>

## 7. Employee Future Benefits and Post-Employment Liabilities

Employee future benefits and post-employment liabilities reported on the consolidated statement of financial position consist of the following:

	2025	2024
Retirement benefits:		
Peel Police	\$ 108,973	\$ 104,661
Peel Police (Long term disability recipients)	10,955	10,374
Peel Region (including Peel Living)	15,286	14,428
Peel Region (Long term disability recipients)	11,487	9,131
	146,701	138,594
Workplace Safety and Insurance Board	228,664	182,437
<b>Total</b>	<b>\$ 375,365</b>	<b>\$ 321,031</b>

### a) Retirement Benefits

The liability for retirement benefits is for the Region's and the Peel Police's share of costs associated with extending the coverage for health, dental, and life insurance benefits to qualifying employees. Benefit coverage, except for life insurance coverage, and health care spending account for Peel Police, ceases at the age of 65. The valuation treats enrolled members in receipt of long-term disability ("LTD") for two years or less, or WSIB benefits, as continuing to receive active service benefits.

The Peel Region liability is based on the actuarial valuations as at December 31 2023, with estimates to December 31, 2025.

The Peel Police liability is based on the actuarial valuations as at December 31, 2022, with estimates to December 31, 2025.

The following significant actuarial assumptions adopted in the valuations were based on management's best estimates.

<b>Future discount rates</b>	Peel Police	5.05% per year for Retiree Benefit 4.40% per year for LTD
	Peel Region	4.50% per year for Retiree Benefit 4.50% per year for LTD
<b>Future inflation rate</b>		2.00% per year
<b>Future salaries</b>		Escalate at 2.75% per year

<b>Future dental premium rates</b>	Peel Police	Initial rate of 4.50%, grading up for 1 year and then down over 17 years to an ultimate rate of 4.05%
	Peel Region	6.75% in 2025; 7.00% in 2023, reducing to 4.50% in 2043
<b>Future health care premium rates</b>	Peel Police	Blended initial rate of 4.05%, grading up over 6 years and then down over 12 years to an ultimate blended rate of 4.05%

The following are the actuarial results for the accrued benefit liability reported on the consolidated statement of financial position:

### Retirement Benefits Liability

	2025	2024
Accrued benefit obligation at January 1	\$ 158,083	\$ 150,662
Add: benefit service cost	7,809	7,451
Add: interest accrued	6,600	6,233
Deduct: benefit payments	(7,478)	(7,245)
Add: Plan amendment cost	982	982
Accrued benefit obligation at December 31	165,996	158,083
Deduct: unamortized actuarial loss	(19,295)	(19,489)
<b>Liability at December 31</b>	<b>\$ 146,701</b>	<b>\$ 138,594</b>

### Retirement Benefits Expense

	2025	2024
Current period benefit cost	\$ 7,809	\$ 7,451
Interest on accrued benefit obligation	6,600	6,233
Amortization of actuarial loss	193	154
<b>Total</b>	<b>\$ 14,603</b>	<b>\$ 13,838</b>

The actuarial loss is the result of assumptions used in the above noted valuations that varied from assumptions used in prior valuations. These assumptions pertained to the distribution of covered employees, discount rate, escalation of health care rates, projected mortality rates, and benefit coverage. The actuarial loss will be amortized over the expected average remaining service life of employees.

#### b) **Workplace Safety and Insurance Board**

The Region is a Schedule II employer under the *Workplace Safety and Insurance Act*, and, therefore, self-insures the entire risk of their own WSIB claims and is responsible for reimbursing the WSIB for all costs related to its workers' claims.

The liability reported in the consolidated statement of financial position is based on the actuarial valuation as at December 31, 2025, that estimated potential liabilities of the Region under the provisions of the [Workplace Safety and Insurance Act](#).

The result of the actuarial valuation is as follows:

### WSIB Liability

	2025	2024
Accrued benefit obligation at January 1	\$ 230,224	\$ 191,497
Add: estimated cost of claims (service cost)	49,780	55,515
Add: interest accrued	12,162	10,375
Deduct: expected benefits paid	(28,693)	(27,163)
Accrued benefit obligation at December 31	263,473	230,224
Deduct: unamortized actuarial loss	(34,809)	(47,787)
<b>Liability at December 31</b>	<b>\$ 228,664</b>	<b>\$ 182,437</b>

### WSIB Benefits Expense

	2025	2024
Current period benefit cost	\$ 49,780	\$ 55,515
Interest on accrued benefit obligation	12,162	10,375
Amortization of actuarial loss	8,382	8,097
<b>Total</b>	<b>\$ 70,324</b>	<b>\$ 73,987</b>

## 8. Asset Retirement Obligations

The Region's asset retirement obligations consist of the following:

### a) Landfill obligations

[The Environmental Protection Act](#) sets out regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites.

Landfill closure and post-closure care are activities for landfill sites that are expected to occur in perpetuity and requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of groundwater and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance.

The Region has twenty landfill sites which are all closed.

The estimated liability of \$80,398 (2024 - \$71,847) included in the financial statements and shown below represents the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Region's long-term borrowing rate of 4.5% (2024 - 4.50%).

As at December 31, the Region maintained a reserve of \$11,260 (2024 - \$12,145), which will be used to fund expected future costs.

b) **Asbestos and lease obligations**

The Region owns and operates several buildings that are known to have asbestos. Once disturbed, the Region has a legal obligation to properly remove and dispose of asbestos. Following the adoption of PS 3280, the Region has recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings, along with an obligation to restore leasehold improvements when required by lease agreements.

The liability for asset retirement obligations has been estimated using a net present value technique with a discount rate of 4.5%.

A reconciliation of the beginning and ending balance of the Asset Retirement Obligations liability is as follows:

	Landfill closure and post-closure	Asbestos	2025	2024
ARO, opening balance	\$ 71,847	\$ 31,904	\$ 103,751	\$ 79,649
Additions	8,551	-	8,511	-
Changes in estimates/new liabilities incurred	-	-	-	45,572
Disposal/settlement	-	-	-	(22,675)
Accretion expense	-	1,377	1,377	1,206
<b>ARO, ending balance</b>	<b>\$ 80,398</b>	<b>\$ 33,281</b>	<b>\$ 113,679</b>	<b>\$ 103,752</b>

## 9. Long-Term Debt

Under the terms of the *Municipal Act, 2001*, Regional Council has approved the issuing of debentures to finance its own capital expenses and tangible capital assets, and those of the area municipalities within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs. Debentures issued for such purposes are direct, joint and several obligations of the Region and local municipalities.

### a) Net Long-Term Debt

The total for long-term liabilities reported in the consolidated statement of financial position consists of the following:

	2025	2024
Total long-term liabilities incurred by the Region including amounts incurred on behalf of area municipalities	\$2,926,269	\$2,251,337
Less: total value of Region's sinking fund deposits	(615,950)	(546,205)
<b>Total long-term liabilities</b>	<b>2,310,319</b>	<b>1,705,132</b>
Loans payable by Peel Housing Corporation	76,156	64,992
<b>Total loans payable on income-producing properties</b>	<b>76,156</b>	<b>64,992</b>
Recoverable from lower-tiers		
City of Mississauga	365,537	260,745
City of Brampton	105,655	43,000
Town of Caledon	22,742	26,188
<b>Total recoverable gross long-term debt from area municipalities</b>	<b>493,934</b>	<b>329,933</b>
<b>Net Long-Term Debt at December 31</b>	<b>\$1,892,541</b>	<b>\$1,440,191</b>

In 2025, the Region issued \$756,974 in sinking fund and amortizing debentures of which \$144,156 was on behalf of the City of Mississauga and \$62,655 the City of Brampton.

Outstanding debt issued by the Region consists of serial, amortizing and sinking fund debentures maturing between November 2026 and December 2055 and have interest rates ranging between 0.8% and 5.1%.

Mortgages of \$29,185 (2024 - \$43,424) on PHC properties are secured by a first charge on specific assets of PHC with amortization periods ranging from five to fifty years and interest rates ranging from 1.51% to 7.25%.

Sinking funds were established to provide for the orderly retirement of sinking fund debentures issued by the Region. These debentures mature between November 2026 and December 2055.

The CMHC Credit Agreement (the "Credit Agreement") is in place to build affordable housing units and will be utilized as sites are developed. The Credit Agreement executed on December 8, 2020 has been superseded by an amended and restated Credit Agreement that was signed by PHC (as Borrower), the Region (as Guarantor) and CMHC (as Lender) effective as of June 3, 2025. Under this Credit Agreement, PHC has access to a non-revolving fixed-rate loan facility of \$129,371 and a forgivable non-revolving loan facility of \$61,080.

As of December 31, 2025, \$29,099 was drawn from the fixed-rate loan facility (2024 - \$15,497) and \$17,871 was drawn from the forgivable loan facility (2024 - \$6,070).

**b) Future Principal Repayments**

Estimated future principal repayments for the Region, including sinking fund contributions and loans payable by PHC, are as follows:

	Loans payable by PHC	Long-term debt	Total
2026	\$ 14,955	\$ 66,266	\$ 81,221
2027	9,106	53,043	62,149
2028	4,870	53,541	58,411
2029	4,512	54,060	58,572
2030	2,089	54,602	56,691
Subsequent to 2030	40,624	933,430	974,054
Net sinking fund debt repayable	-	601,443	601,443
<b>Total</b>	<b>\$ 76,156</b>	<b>\$1,816,385</b>	<b>\$ 1,892,541</b>

Total interest charges in the amount of \$ 88,302 (2024 - \$67,511) are reported in the consolidated statement of operations. The charges consist of \$1,420 (2024 - \$1,963) for interest on PHC loans and \$86,882 (2024 - \$65,548) for debenture debt.

## 10. Pension Agreements

The Region makes contributions to OMERS on behalf of approximately 10,228 eligible employees. OMERS is a defined benefit pension plan, fully funded by equal contributions from participating employers and employees, and by the investment earnings of the OMERS Fund. OMERS pensions are calculated using a defined benefit formula, taking into account length of service and average annual wage (based upon the highest 60 consecutive months of earnings), that is designed to integrate with the pension payable from the Canada Pension Plan.

During the year, the Region's contribution to OMERS for current service was \$110,241 (2024 - \$96,110). The Region's contributions are reported in the consolidated statement of operations. Employee contributions also amount to \$110,241 (2024 - \$96,110).

The net assets of OMERS pension plan as at December 31, 2025, grew to \$145.2 billion (2024 - \$138.2 billion) primarily due to increased investment return. OMERS has a smoothed funded status of 99% in 2025 (2024 - 98%).

## 11. Accumulated Surplus

The accumulated surplus consists of the following balances:

	2025	2024
Investment in tangible capital assets	\$ 14,830,050	\$ 13,831,504
Reserves and reserve funds	3,021,388	2,867,894
Capital fund	(2,388,196)	(1,978,540)
Current fund	98,400	101,520
Less: unfunded liabilities		
Retiree benefits:		
- Peel Police	(64,452)	(62,332)
- Peel Region	(13,393)	(12,009)
Workplace Safety and Insurance Board	(156,389)	(110,217)
ARO - Landfill closure and post-closure costs	(80,398)	(71,847)
Other	(4,613)	(4,462)
<b>Accumulated Operating Surplus</b>	<b>\$ 15,242,397</b>	<b>\$ 14,561,511</b>
Accumulated rereasurement gain	26,960	16,281
<b>Total Accumulated Surplus</b>	<b>\$ 15,269,357</b>	<b>\$ 14,577,792</b>

### a) Reserves and Reserve Funds

Reserves and reserve funds are established by Regional Council as appropriate and are included in the accumulated surplus position of the Region. Reserves and reserve funds that meet the definition of obligatory reserve funds are reported as Deferred Revenue - obligatory reserve funds in Note 6.

## 12. Tangible Capital Assets

**TCA 2025** (All dollars in thousands)

Cost	Balance at Dec. 31, 2024	ARO Addition	Additions	Disposals	Balance at Dec. 31, 2025
Land	\$ 1,518,075	\$ -	\$ 84,425	\$ -	\$ 1,602,500
Land improvements	44,106	-	-	-	44,106
Buildings and building improvements	2,773,632	-	149,775	(10,630)	2,912,777
Leasehold improvements	35,835	-	1,475	-	37,310
Linear and linear improvements	10,093,354	-	360,980	(653)	10,453,681
Structures	296,146	-	15,369	-	311,515
Vehicles	140,120	-	37,316	(13,722)	163,714
Equipment and furnishings	2,426,290	-	89,029	(42,545)	2,472,774
Construction work in progress	2,285,752	-	614,749	-	2,900,501
<b>Total cost</b>	<b>\$ 19,613,309</b>	<b>\$ -</b>	<b>\$ 1,353,118</b>	<b>\$ (67,550)</b>	<b>\$ 20,898,878</b>

Accumulated Amortization	Balance at Dec. 31, 2024	ARO Amortization	Amortization	Disposals	Balance at Dec. 31, 2025
Land improvements	\$ 24,518	\$ -	\$ 1,011	\$ -	\$ 25,529
Buildings and building improvements	1,013,178	2,081	52,635	(8,876)	1,059,018
Leasehold improvements	20,267	146	837	-	21,250
Linear and linear improvements	3,259,813	-	161,002	(376)	3,420,439
Structures	141,600	-	6,246	-	147,846
Vehicles	76,538	-	13,925	(11,859)	78,604
Equipment and furnishings	1,270,923	-	84,739	(39,520)	1,316,142
<b>Total accumulated amortization</b>	<b>\$ 5,806,837</b>	<b>\$ 2,227</b>	<b>\$ 320,395</b>	<b>\$ (60,631)</b>	<b>\$ 6,068,828</b>

Net Book Value	Net Book Value Dec. 31, 2024				Net Book Value Dec. 31, 2025
Land	\$ 1,518,075				\$ 1,602,500
Land improvements	19,588				18,577
Buildings and building improvements	1,760,454				1,853,759
Leasehold improvements	15,567				16,060
Linear and linear improvements	6,833,541				7,033,242
Structures	154,546				163,669
Vehicles	63,582				85,110
Equipment and furnishings	1,155,367				1,156,632
Construction work in progress	2,285,752				2,900,501
<b>Total net book value</b>	<b>\$ 13,806,472</b>				<b>\$ 14,830,050</b>

Tangible Capital Assets (continued)

**2024** (All dollars in thousands)

<b>Cost</b>	<b>Balance at Dec. 31, 2023</b>	<b>ARO Addition</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance at Dec. 31, 2024</b>
Land	\$ 1,396,912	\$ -	\$ 121,163	\$ -	\$ 1,518,075
Land improvements	44,106	-	-	-	44,106
Buildings and building improvements	2,709,989	15,659	49,635	(1,651)	2,773,632
Leasehold improvements	35,835	-	-	-	35,835
Linear and linear improvements	9,852,697	-	266,356	(25,699)	10,093,354
Structures	272,152	-	23,994	-	296,146
Vehicles	127,928	-	24,581	(12,389)	140,120
Equipment and furnishings	2,384,487	-	59,567	(17,764)	2,426,290
Construction work in progress	1,818,484	-	467,268	-	2,285,752
<b>Total cost</b>	<b>\$ 18,642,590</b>	<b>\$ 15,659</b>	<b>\$ 1,012,563</b>	<b>\$ (57,503)</b>	<b>\$ 19,613,309</b>

<b>Accumulated Amortization</b>	<b>Balance at Dec. 31, 2023</b>	<b>ARO Amortization</b>	<b>Amortization</b>	<b>Disposals</b>	<b>Balance at Dec. 31, 2024</b>
Land improvements	\$ 23,507	\$ -	\$ 1,011	\$ -	\$ 24,518
Buildings and building improvements	963,148	1,878	49,803	(1,651)	1,013,178
Leasehold improvements	19,333	145	789	-	20,267
Linear and linear improvements	3,107,732	-	163,460	(11,379)	3,259,813
Structures	135,710	-	5,890	-	141,600
Vehicles	75,320	-	11,879	(10,661)	76,538
Equipment and furnishings	1,202,790	-	84,758	(16,625)	1,270,923
<b>Total accumulated amortization</b>	<b>\$ 5,527,540</b>	<b>\$ 2,023</b>	<b>\$ 317,590</b>	<b>\$ (40,316)</b>	<b>\$ 5,806,837</b>

<b>Net Book Value</b>	<b>Net Book Value Dec. 31, 2023</b>				<b>Net Book Value Dec. 31, 2024</b>
Land	\$ 1,396,912				\$ 1,518,075
Land improvements	20,599				19,588
Buildings and building improvements	1,746,841				1,760,454
Leasehold improvements	16,502				15,568
Linear and linear improvements	6,744,965				6,833,541
Structures	136,442				154,546
Vehicles	52,608				63,582
Equipment and furnishings	1,181,697				1,155,367
Construction work in progress	1,818,484				2,285,752
<b>Total net book value</b>	<b>\$ 13,115,050</b>				<b>\$ 13,806,472</b>

## Tangible Capital Assets (continued)

### a) **Construction in Progress**

Assets under construction having a value of \$2,900,501 (2023 - \$2,285,752) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### b) **Contributed Tangible Capital Assets**

Contributed tangible capital assets transferred to the Region in 2025 amounted to \$108,555 (2024 - \$102,575). The majority of tangible capital assets transferred were from developers and included land, and water and wastewater local mains.

### c) **Works of Art and Cultural Assets**

The Region manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Region sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

### d) **Interest Capitalization**

In 2025, the Region capitalized \$235 (2024 - \$160) of interest cost.

### 13. Budget Data

The budget amounts presented in the consolidated financial statements are based on the 2025 operating and capital budgets approved by Regional Council on January 23, 2025. The following reconciles the approved budget to the budget amounts presented in the consolidated financial statements using the accrual basis of accounting, in accordance with PSAS. Budgets established for tangible capital asset acquisitions are on a project-oriented basis, the costs of which may be carried over one or more fiscal years. Where amounts were budgeted for on a project-oriented basis, the budget amounts used are based on actual projects that took place during the year to reflect the same basis of accounting that was used to report the actual results.

	Revenues	Expenses
<b>Operating Budget</b>		
Council Approved Budget	\$ 3,979,633	\$ 3,979,633
In-year budget adjustments	84,760	84,760
Board Approved Peel Housing Corporation	114,607	114,607
Adjustment for intercompany transactions	(87,589)	(120,916)
PSAB Adjustments		
Transfers to reserves and reserve funds	-	(778,496)
Transfers from reserves and reserve funds	(152,637)	-
Payment to sinking fund for debt retirement	-	(47,802)
Other liabilities	-	(8,550)
Other adjustments	640	212
<b>Adjusted Operating Budget</b>	<b>3,939,414</b>	<b>3,223,448</b>
<b>Capital Budget</b>		
Council Approved Budget	2,295,401	2,295,401
Timing difference between budget and spending	(807,425)	(807,425)
Board Approved Peel Housing Corporation	68,000	68,000
PSAB Adjustments		
Transfers from reserves and reserve funds	(530,616)	-
Acquisition of tangible capital assets	-	(1,200,453)
Amortization		309,639
<b>Adjusted Capital Budget</b>	<b>1,025,360</b>	<b>665,162</b>
<b>Other</b>		
Reserve fund interest and other revenue	98,804	-
<b>Budget as presented in Financial Statements</b>	<b>\$ 5,063,578</b>	<b>\$ 3,888,610</b>

## 14. Expenses by Object

The consolidated statement of operations reports expenses for the Region by functions or by business programs. The following is a summary of expenses by object.

	2025	2024
Salary and wages	\$ 1,394,133	\$ 1,285,623
Services and rents	547,144	509,583
Materials and supplies	115,493	105,529
Grants and transfer payments	1,136,136	879,419
Debt charges	88,792	67,511
Intra-government transfers	(87,027)	(75,811)
Amortization	322,622	319,613
Other operational expenses	266,953	374,851
<b>Total</b>	<b>\$ 3,784,246</b>	<b>\$ 3,466,318</b>

## 15. Change in non-cash assets and liabilities

	2025	2024
Decrease (increase) in accounts receivable	\$ 124,277	\$ (104,913)
Increase in recoverable gross long-term debt from area municipalities	(164,001)	(65,214)
(Decrease) increase in accounts payable and accrued liabilities	(104,124)	53,129
Increase in deferred revenue	14,931	44,766
Increase in asset retirement obligations	9,927	24,103
Increase in employee future benefits and post-employment liabilities	54,334	51,524
Increase in other liabilities	150	105
Decrease (increase) in prepaid expenses	7,133	(12,810)
Decrease in inventory	362	1,070
<b>Total</b>	<b>\$ (57,011)</b>	<b>\$ (8,240)</b>

## 16. Contractual Obligations and Contingent Liabilities

- a) As at December 31, 2025 outstanding contractual obligations for capital works amounted to approximately \$2,397,480 (2024 - \$2,043,301). Regional Council has authorized the financing of these obligations.
- b) As at December 31, 2025 the Region has been named as defendant or co-defendant in a number of outstanding legal actions. No provision has been made for any claims that are expected to be covered by insurance or where the consequences are undeterminable. A provision of \$13,307 (2024 - \$13,211) has been made for those claims not expected to be covered by insurance.
- c) Under the terms of various operating lease agreements, future minimum payments are as follows:

<b>Future minimum operating lease payments</b>	
2026	\$ 6,031
2027	5,487
2028	5,229
2029	3,849
2030	3,845
Subsequent to 2030	19,442
<b>Total</b>	<b>\$ 43,883</b>

- d) Under a renewed 10-year service agreement, effective January 1, 2020, the Region has contracted the operations of the South Peel wastewater and water treatment systems to the Ontario Clean Water Agency ("OCWA").

Included in the consolidated statement of operations are the 2025 charges from OCWA totaling \$52,423 (2024 - \$49,127). The consolidated statement of financial position reflects only the capital assets of the wastewater and water treatment facilities and the service charges due to or from OCWA.

- e) Peel Regional Police provide policing services to the Greater Toronto Airports Authority ("GTAA"). Under a service agreement, the GTAA provides funding to fully offset any costs incurred by the Peel Regional Police. In 2025, the Peel Regional Police received \$22,392 (2024 - \$20,713) from the GTAA.
- f) Under contracts approved by the Region in 2005 with amendments in 2012 and 2016, Waste Management of Canada Corporation ("WMCC") will provide waste disposal capacity at current market rates (until December 31, 2042). In addition, WMCC and other private third-party corporations will provide waste transfer services to the Region. The 2025 annual cost is \$18,020 (2024 - \$18,382).

- g) Under separate contracts approved by the Region in 2014, two private waste management companies provide services including, but not limited to: bi-weekly, alternating garbage cart and recycling cart collection, bi-weekly bulky item collection, weekly organics cart collection, seasonal yard waste collection, garbage exemption collection periods, and manual (bag based) garbage, recycling and organics bin collection at specified locations. Each contract term is for an eight-year-plus-nine-month period which began on January 2016, with two additional, separate twelve-month period extension options, based on satisfactory service, performance and pricing. The 2025 annual cost for the two contracts is \$61,417.
- h) Under a separate contract approved by the Region in 2015, one private waste management company provides services including, but not limited to weekly garbage and recycling collection, weekly bulky item collection, and organic bin collection at specific locations. The contract term is for seven-year period which began in October 2015 with six addition optional terms coming to completion September 30, 2027. The 2025 annual cost for the contract is \$7,237.
- i) The Region has issued letters of credit for \$11,638 (2024 - \$10,364) in order to meet the credit requirements and conditions of certain agreements related to capital projects.
- j) The Region has identified a contaminated site on a piece of land downloaded from the federal government. The Region is currently working with the federal government to determine who accepts responsibility for the remediation of this site and has, therefore, not recognized a liability for this site in the consolidated statement of financial position.

## 17. Contractual Rights

The Region enters into various contracts and agreements in the normal course of operations. These arrangements give rise to contractual rights to economic resources, which are expected to result in future assets and revenue.

The Region has entered into several Development Charge agreements with developers where the collection of development charges has been deferred to the time of occupancy in accordance with Section 26.1 of the Development Charges Act. Future Development Charge collections under these agreements are as follows:

<b>Future Development Charge collections</b>	
2026	\$ 6,201
2027	11,281
2028	6,157
2029	6,157
2030	6,157
Subsequent to 2030	7,841
<b>Total</b>	<b>\$ 43,795</b>

In addition, the Region established the Development Charges Deferral and Grant Program in 2025. Under this program, eligible developments may receive grants equal to 50% of applicable development charges, with the remaining charges deferred until occupancy. As at year-end, estimated future payments to be received under this program total \$191,353, however, actual collections are contingent on the timing of building permit issuance.

## 18. Peel Restructuring

On December 11, 2025, Bill 45, the Peel Transition Implementation Act, 2025, received Royal Assent and is now law. Bill 45 will transfer jurisdiction over regional roads, including related stormwater infrastructure, from Peel Region to Mississauga, Brampton and Caledon on July 1, 2027, pursuant to Minister's regulation. Jurisdiction over waste collection services from Peel Region to the three lower-tier municipalities shall transfer on October 1, 2027, as prescribed by the Minister through regulation.

On November 27, 2025, Bill 60, Fighting Delays, Building Faster Act, 2025 received Royal Assent and became law. Bill 60 results in several key changes to legislation that will have significant impact on Peel Region and the provision of water and wastewater services. Bill 60 introduces changes to the Municipal Act, 2001 which will transfer jurisdiction over water and sewage public utilities from Peel Region to the Cities of Mississauga, Brampton and the Town of Caledon effective January 1, 2029, or such other date as prescribed by the Minister of Municipal Affairs and Housing. Bill 60 also changes the Development Charges Act,

1997 which does impact revenues and cash flows upon which the water/wastewater program relies. Lastly, Bill 60 results in the enactment of the Water and Wastewater Public Corporation Act, 2025 which allows the Minister to designate a corporation established under the Business Corporations Act as a water and wastewater public corporation to provide water and sewage services on behalf of lower tier municipalities. The immediate impact of Bill 60 on Peel Region's existing programs, its legal and financial rights and obligations, in addition to its water/wastewater capital program will depend on how Bill 60 is implemented through provincial regulations that have yet to be enacted, with the result that it is difficult to determine accurately the extent to which Bill 60 will impact Peel and its local municipalities.

These consolidated financial statements do not reflect any adjustments that may be necessary regarding the possible transfer of these services, as these adjustments cannot be estimated at this time.

## **19. Financial Instruments and Risk Management**

As at December 31, 2025 the Region classified \$183,042 (2024 - \$152,868) of Portfolio Investments as a Level 1 in the fair value measurement classification as investments having quoted prices in active markets. All other financial instruments are recorded at cost or amortized cost.

Financial instruments include cash and cash equivalents, investments, receivables, payables, and debt. The Region has exposure to the following financial risks from its use of financial instruments: credit risk, market risk, interest rate risk and liquidity risk. Management is responsible for safeguarding resources, managing risks, and implementing appropriate policies and framework. Risks related to financial instruments are primarily governed by the Region's Investment Goals & Policies and Debt Management Policy approved by Council and aligns to Region's Risk Appetite Framework.

The Region manages risks primarily through diversifying its investments across sectors, maturity terms, and asset classes in line with the council approved investment policy.

### **a) Credit risk**

Credit risk is the risk of a financial loss to the Region if a third party fails to fulfill their contractual obligations. Such a risk may manifest in fluctuations in security value due to a rating downgrade or default in the case of distressed securities. Primarily, credit risk stems from the Region's cash and cash equivalents, investments, and receivables. As at December 31, 2025 there were no significant collection issues related to outstanding receivables.

Cash and cash equivalents are held with banks and counterparties that have high credit ratings and low credit risk. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations. The Region mitigates credit risk in its

investments by adhering to minimum credit quality standards, as outlined in the Region's Investment Goals & Policies. As of December 31, 2025, all fixed income holdings were rated A- (or equivalent) or higher.

**b) Interest rate risk**

Interest rate risk is the risk of fluctuations in prices of financial securities resulting from changes in interest rates. The Region limits its exposure to interest rate risk on its liabilities by issuing long-term fixed-rate debt in the form of debentures. At December 31, 2025, the Region did not have any floating rate mortgages or debentures, that would result in variation in cash flow due to fluctuations in interest rates. Sinking fund assets are managed to reduce and/or eliminate interest rate risk by matching the investments closely to the maturity date of associated sinking fund debentures.

While the Region's fixed income investments are subject to interest rate risk, which may cause fluctuations in the market prices of the investments, fixed income securities are recorded at amortized cost. Interest rate risk is mitigated by diversifying investments across various maturities.

The Region holds the highest credit rating of Aaa/AAA from both Moody's Ratings and S&P Global Ratings. These strong credit ratings position the Region favorably among Canadian municipalities, facilitating access to low borrowing costs.

**c) Market risk**

Market risk is the risk of financial loss due to unforeseen changes in overall financial markets. Fluctuations in the market expose the Region's investments to potential loss. The Region mitigates market risk through a diversified portfolio in accordance with the Region's Investment Goals and Policies.

The Region is not exposed to any significant foreign currency risk due to limited foreign currency transactions. There is no foreign exchange exposure related to the Region's portfolio investments or debentures outstanding except a cash position denominated in US\$ 628,546 as of December 31, 2025.

**d) Liquidity risk**

Liquidity risk is the inability to meet short-term obligations and payments, due to inability to access to cash or easily convert financial securities to cash. The Region is subject to its liquidity risk through its accounts payable and investment holdings.

To manage its liquidity risk, the Region performs extensive budgeting exercises, ongoing monitoring of its short-term cash flows, and has highly liquid securities that can easily be converted to cash to ensure it meets all short-term obligations. Further, the Region manages this risk by monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far out as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and

stressed conditions, without incurring unacceptable losses or risking damage to the Region's reputation.

## **20. Comparative Amounts**

Certain comparative amounts have been reclassified to conform to the financial statement presentation adopted for the current year.

## **21. Segmented Information**

Peel Region is a diversified municipal government institution providing a wide range of services to its residents that include: general government, protection to property and persons, transportation, environmental, health and social and family services. The Region also controls and administers Peel Housing Corporation, a non-profit housing organization.

For management reporting purposes, the Region's operations and activities are reported by Program Services. Program Services were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations. Regional services are provided by divisions and their activities are reported in Program Services.

Divisions disclosed in the Segmented Information, along with the services they provide, are as follows:

### **General Government**

General government comprises divisions under Corporate Services, Legislative Services, the Executive Office, and Council. The divisions provide direct support to the various citizen-facing Regional services, as well as Council and Committee. These divisions also supply financial and administrative leadership for the Regional Corporation.

Also included are corporate expenses and revenues that are not directly attributable to any individual service, but do impact the overall tax requirement.

### **Protection to Property and Persons**

Protection to property and persons includes services provided by the conservation authorities, and policing services provided by Peel Police and the Ontario Provincial Police. These services work with the community to maintain social order and contribute to a safe environment in which to live, work and visit. Funding is provided to support the operating costs, special projects and land purchases for three conservation authorities in the Region.

## **Transportation Services**

Transportation services is responsible for Roads and TransHelp services. The mandate of the Roads division is to provide safe, reliable and secure roads while respecting the environment. TransHelp provides transit services to Peel residents unable to utilize conventional modes of public transportation.

## **GO Transit**

GO Transit includes the Region's apportionment of capital costs billed by GO Transit.

## **Canada Community-Building Fund Transferred to Local Municipalities**

This segment includes the Canada Community-Building Fund ("CCBF") revenue, previously known as the Federal Gas Tax, that is transferred to local municipalities.

## **Environmental Services**

Environmental services is responsible for Water, Wastewater and Waste Management Services. The Water Program sustainably delivers high quality drinking water, and the related support services, in an efficient and reliable manner. The mandate of Wastewater is to manage, collect and treat municipal wastewater. Waste Management provides environmentally sustainable waste management services to residents and small businesses while maximizing recovery of valuable resources.

## **Health Services**

Health services includes Public Health and Paramedic Services. Public Health is mandated by the [Ontario Health Protection and Promotion Act](#) and other legislation. Public Health provides programs and services in six key areas: communicable disease control and prevention; clinical services; enforcement; youth and adult illness prevention; early childhood development; and health surveillance. The mandate of Paramedic Services is to decrease suffering and improve and promote community safety.

## **Social and Family Services**

Early Years & Childcare plans, manages and coordinates a Region-wide early learning and child care system. Seniors Services operates five long-term care facilities and day programs for seniors. Ontario Works delivers a range of programs providing employment and financial assistance to residents in need.

## **Social Housing**

Social housing is responsible for administering social housing providers, the rent supplement programs, and managing a social housing waiting list.

Peel Housing Corporation is a non-profit housing company providing over 16,000 residents with affordable rental units.

## **Planning and Development**

Development Services provides planning policy and research and development planning services that respond to the growth and change experienced in Peel.

## **Assessment Services**

Assessment Services is the funding to the Municipal Property Assessment Corporation, which administers province-wide property assessment services for municipalities.

# Segmented Information

For the year ended December 31, 2025

(All dollars in thousands)

	General Government		Protection to Property & Persons		Transportation Services		GO Transit		Gas Tax Transferred To Area Municipalities		Environmental Services	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<b>Operations Revenue</b>												
Taxation revenue	\$ 1,687,928	\$ 1,490,297	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Direct charges on ratepayers	-	-	-	-	-	-	-	-	-	-	618,771	574,613
Government transfers	26,362	20,891	22,289	26,499	5,659	6,134	-	-	41,217	52,303	13,140	15,987
Contributions - developers	1,387	3,802	1,457	34,351	14,766	30,938	352	2,250	-	-	94,901	209,436
Contributed tangible capital assets	-	622	1,340	-	14,214	9,729	-	-	-	-	93,001	84,693
Investment income	23,704	22,788	10,519	10,175	13,211	10,443	162	-	-	-	45,768	45,528
Fees, service charges and other	26,428	36,507	34,811	37,776	20,672	22,926	249,114	-	-	-	58,717	25,874
<b>Total revenues</b>	<b>\$ 1,765,809</b>	<b>\$ 1,574,907</b>	<b>\$ 70,416</b>	<b>\$ 108,801</b>	<b>\$ 68,522</b>	<b>\$ 80,170</b>	<b>\$ 249,628</b>	<b>\$ 2,250</b>	<b>\$ 41,217</b>	<b>\$ 52,303</b>	<b>\$ 924,298</b>	<b>\$ 956,131</b>
<b>Expenses</b>												
Salary and wages	\$ 118,645	\$ 128,601	\$ 636,752	\$ 558,575	\$ 60,144	\$ 57,231	\$ -	\$ -	\$ -	\$ -	\$ 101,730	\$ 91,823
Services and rents	40,768	37,647	71,547	60,956	54,284	48,167	-	-	-	-	223,312	209,954
Materials and supplies	2,321	2,136	15,447	15,512	11,417	9,051	-	-	-	-	61,691	55,864
Grants and transfer payments	51,029	51,391	64,154	60,611	-	-	-	-	40,009	37,865	-	-
Debt charges	2,264	2,265	6,090	635	429	454	-	-	-	-	76,773	60,865
Intra-government transfers	(151,306)	(143,114)	(19,388)	(18,550)	(35,487)	(34,648)	-	-	-	-	49,733	55,510
Amortization	6,708	8,090	20,627	18,561	54,244	57,729	-	-	-	-	208,895	205,425
Other operational expenses	37,826	28,891	43,979	38,228	33,532	30,005	848	6,116	-	-	46,479	60,838
<b>Total expenses</b>	<b>\$ 108,255</b>	<b>\$ 115,907</b>	<b>\$ 839,208</b>	<b>\$ 734,528</b>	<b>\$ 178,563</b>	<b>\$ 167,989</b>	<b>\$ 848</b>	<b>\$ 6,116</b>	<b>\$ 40,009</b>	<b>\$ 37,865</b>	<b>\$ 768,613</b>	<b>\$ 740,279</b>
<b>Annual operating surplus (deficit)</b>	<b>\$ 1,657,554</b>	<b>\$ 1,459,000</b>	<b>\$ (768,792)</b>	<b>\$ (625,727)</b>	<b>\$ (110,041)</b>	<b>\$ (87,819)</b>	<b>\$ 248,780</b>	<b>\$ (3,866)</b>	<b>\$ 1,208</b>	<b>\$ 14,438</b>	<b>\$ 155,685</b>	<b>\$ 215,852</b>

# Segmented Information

For the year ended December 31, 2025

(All dollars in thousands)

	Health Services		Social & Family Services		Social Housing		Planning & Development		Assessment Services		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
<b>Operations Revenue</b>												
Taxation revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,687,928	\$ 1,490,297
Direct charges on ratepayers	-	-	-	-	-	-	-	-	-	-	618,771	574,613
Government transfers	157,894	146,117	944,005	816,577	80,663	52,343	-	-	-	-	1,291,229	1,136,851
Contributions - developers	658	826	497	238	(20)	17,311	(38)	-	-	-	113,960	299,152
Contributed tangible capital assets	-	-	-	-	-	7,531	-	-	-	-	108,555	102,575
Investment income	2,833	2,417	3,842	2,598	17,799	17,763	(59)	-	584	547	118,363	112,259
Fees, service charges and other	825	804	23,253	13,488	107,416	92,849	5,090	5,089	-	-	526,326	235,313
<b>Total revenues</b>	<b>\$ 162,210</b>	<b>\$ 150,164</b>	<b>\$ 971,597</b>	<b>\$ 832,901</b>	<b>\$ 205,858</b>	<b>\$ 187,797</b>	<b>\$ 4,993</b>	<b>\$ 5,089</b>	<b>\$ 584</b>	<b>\$ 547</b>	<b>\$ 4,465,132</b>	<b>\$ 3,951,060</b>
<b>Expenses</b>												
Salary and wages	\$ 231,604	\$ 220,138	\$ 208,858	\$ 195,267	\$ 27,744	\$ 24,485	\$ 8,656	\$ 9,503	\$ -	\$ -	\$ 1,394,133	\$ 1,285,623
Services and rents	11,590	15,023	25,823	24,017	99,113	93,226	261	766	20,446	19,827	547,144	509,583
Materials and supplies	9,939	11,149	13,356	10,551	1,314	1,255	8	11	-	-	115,493	105,529
Grants and transfer payments	9,944	11,229	884,728	760,276	86,242	(41,983)	30	30	-	-	1,136,136	879,419
Debt charges	-	-	-	-	3,236	3,292	-	-	-	-	88,792	67,511
Intra-government transfers	31,713	29,594	19,770	15,790	18,877	20,552	(939)	(945)	-	-	(87,027)	(75,811)
Amortization	7,600	7,774	5,223	2,951	19,325	19,083	-	-	-	-	322,622	319,613
Other operational expenses	2,687	3,820	8,273	13,854	92,382	192,076	947	1,023	-	-	266,953	374,851
<b>Total expenses</b>	<b>\$ 305,077</b>	<b>\$ 298,727</b>	<b>\$ 1,166,031</b>	<b>\$ 1,022,706</b>	<b>\$ 348,233</b>	<b>\$ 311,986</b>	<b>\$ 8,963</b>	<b>\$ 10,388</b>	<b>\$ 20,446</b>	<b>\$ 19,827</b>	<b>\$ 3,784,246</b>	<b>\$ 3,466,318</b>
<b>Annual operating surplus (deficit)</b>	<b>\$ (142,867)</b>	<b>\$ (148,563)</b>	<b>\$ (194,434)</b>	<b>\$ (189,805)</b>	<b>\$ (142,375)</b>	<b>\$ (124,189)</b>	<b>\$ (3,970)</b>	<b>\$ (5,299)</b>	<b>\$ (19,862)</b>	<b>\$ (19,280)</b>	<b>\$ 680,886</b>	<b>\$ 484,742</b>