Consolidated Financial Statements

THE CORPORATION OF THE CITY OF NORTH BAY

Year ended December 31, 2025

THE CORPORATION OF THE CITY OF NORTH BAY

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Year ended December 31, 2025

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The Corporation of the City of North Bay (the "City") are the responsibility of the City's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Chief Administrative Officer
John Severino
August 11, 2026

Chief Financial Officer/Treasurer
Shannon Saucier
August 11, 2026

KPMG

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the City of North Bay

Opinion

We have audited the consolidated financial statements of The Corporation of the City of North Bay (the Corporation), 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 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 Corporation as at December 31, 2025, and its consolidated results of operations, its consolidated remeasurement gains, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of the Corporation 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 Corporation's internal control.

KPMG

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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

Sudbury, Canada

September 16, 2026

THE CORPORATION OF THE CITY OF NORTH BAY

Consolidated Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
FINANCIAL ASSETS:		
Cash and cash equivalents	$ 126,699,435	$ 121,440,597
Investments (note 3)	31,353,168	23,608,354
Taxes receivable	6,591,622	7,993,094
Accounts receivable (note 4)	35,470,292	24,200,023
Other assets	852,556	858,946
Investment in government business enterprises (note 5(b))	62,135,288	59,742,420
	263,102,361	237,843,434
FINANCIAL LIABILITIES:		
Accounts payable and accrued liabilities (note 6)	37,446,400	32,016,899
Deferred revenue - general	1,462,737	1,091,762
Deferred revenue - obligatory reserve funds (note 7)	27,396,662	27,606,592
Post-employment benefits and compensated absences payable (note 8)	25,502,400	24,970,900
Asset retirement obligation (note 20)	6,290,411	5,923,700
Net long-term liabilities (note 9)	82,575,807	93,602,647
	180,674,417	185,212,500
NET FINANCIAL ASSETS	82,427,944	52,630,934
NON-FINANCIAL ASSETS:		
Tangible capital assets (note 19)	608,679,951	571,919,968
Other non-financial assets	4,303,213	4,066,155
Total accumulated surplus (note 11)	$ 695,411,108	$ 628,617,057
Total accumulated surplus is comprised of:		
Accumulated surplus - operations	694,478,622	627,568,541
Accumulated remeasurement gain	932,486	1,048,516
Total accumulated surplus (note 11)	$ 695,411,108	$ 628,617,057

Commitments and contractual rights (note 13)

Contingent liabilities (note 14)

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

On behalf of Council:

Mayor

Chief Financial Officer/Treasurer

THE CORPORATION OF THE CITY OF NORTH BAY

Consolidated Statement of Operations and Accumulated Surplus

December 31, 2025, with comparative information for 2024

	2025 Budget	2025 Total	2024 Total
	(note 18)		
Revenues:			
Property taxation	$ 108,942,011	$ 109,394,958	$ 106,504,941
Taxation from other governments	4,575,761	4,630,896	4,496,772
User charges	40,062,237	40,316,211	38,587,434
Government transfers and grants	48,253,091	66,997,878	30,988,352
Licenses, permit fees and rents	2,828,754	2,831,143	2,422,779
Investment income	1,760,000	4,758,110	5,942,723
Provincial Offences Act (note 17)	1,170,000	1,470,666	1,345,308
Other	6,877,718	10,154,757	8,288,262
Equity earnings of government business enterprises (note 5(a))	900,000	3,725,602	3,321,937
	215,369,572	244,280,221	201,898,508
Expenses:			
General government	8,119,926	9,572,324	9,608,814
Protection services	56,835,525	52,821,584	49,361,510
Transportation services	43,843,309	41,906,551	40,275,871
Engineering and environmental services	31,480,760	41,372,191	35,516,080
Community services	21,702,121	19,632,447	18,422,753
Recreation and cultural services	21,254,909	18,709,371	17,405,067
Planning and development	4,356,677	3,815,510	3,787,988
	187,593,227	187,829,978	174,378,083
Annual surplus before undernoted item	27,776,345	56,450,243	27,520,425
Cassellholme redevelopment commitment (note 9(a)(iii))	-	10,459,838	(2,654,953)
Annual surplus	27,776,345	66,910,081	24,865,472
Accumulated surplus - operations, beginning of year	627,568,541	627,568,541	602,703,069
Accumulated surplus - operations, end of year	$ 655,344,886	$ 694,478,622	$ 627,568,541

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

THE CORPORATION OF THE CITY OF NORTH BAY

Consolidated Statement of Remeasurement Gains

December 31, 2025, with comparative information for 2024

		2025		2024
Accumulated remeasurement gains, beginning of year	$	1,048,516	$	1,058,959
Other comprehensive loss from government business enterprises (note 5(a))		(116,030)		(10,443)
Accumulated remeasurement gain, end of year	$	932,486	$	1,048,516

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

THE CORPORATION OF THE CITY OF NORTH BAY

Consolidated Statement of Changes in Net Financial Assets

December 31, 2025, with comparative information for 2024

	2025 Budget (note 18)	2025 Total	2024 Total
Annual surplus	$ 27,776,345	$ 66,910,081	$ 24,865,472
Acquisition of tangible capital assets	(83,727,685)	(67,786,028)	(39,561,621)
Amortization of tangible capital assets	28,784,094	29,873,499	29,798,196
Loss on disposal of tangible capital assets and surplus land	-	938,969	1,016,256
Disposal of tangible capital assets proceeds	-	213,577	517,653
	(54,943,591)	(36,759,983)	(8,229,516)
Increase in other non-financial assets	-	(237,058)	(293,916)
Change in net financial assets excluding remeasurement gains	(27,167,246)	29,913,040	16,342,040
Net financial assets, beginning of year	52,630,934	52,630,934	36,299,337
Other comprehensive loss from government business enterprises (note 5(a))	-	(116,030)	(10,443)
Net financial assets, end of year	$ 25,463,688	$ 82,427,944	$ 52,630,934

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

THE CORPORATION OF THE CITY OF NORTH BAY

Consolidated Statement of Cash Flows

December 31, 2025, with comparative information for 2024

	2025	2024
Operating transactions:		
Annual surplus	$ 66,910,081	$ 24,865,472
Items not involving cash:		
Amortization of tangible capital assets	29,873,499	29,798,196
Contributed tangible capital assets	(2,791,718)	-
Equity earnings of government business enterprises	(3,725,602)	(3,321,937)
Increase in post-employment benefits and compensated absences payable	531,500	491,400
Increase in asset retirement obligations (note 20(b))	366,711	74,369
Loss on disposal of tangible capital assets and surplus land	938,969	1,016,256
Increase (decrease) in Cassellholme redevelopment commitment (note 9(a)(iii))	(10,459,838)	2,654,953
	81,643,602	55,578,709
Changes in non-cash working capital (note 23)	(4,508,919)	(3,010,345)
	77,134,683	52,568,364
Capital transactions:		
Disposal of tangible capital assets and surplus land proceeds	213,577	517,653
Acquisition of tangible capital assets	(64,994,310)	(39,561,621)
	(64,780,733)	(39,043,968)
Investing transactions:		
(Increase) decrease in investments	(7,744,814)	9,460,965
Cash dividend received from government business enterprises (note 5(b))	1,216,704	1,287,105
	(6,528,110)	10,748,070
Financing transactions:		
Proceeds from debt issues	6,798,512	-
Repayment of net long-term liabilities (note 9(a)(v))	(7,365,514)	(7,527,279)
	(567,002)	(7,527,279)
Net change in cash and cash equivalents	5,258,838	16,745,187
Cash and cash equivalents, beginning of year	121,440,597	104,695,410
Cash and cash equivalents, end of year	$ 126,699,435	$ 121,440,597

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

The Corporation of the City of North Bay is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act 2001, Provincial Offences Act and other related legislation.

1. Significant accounting policies:

The consolidated financial statements of The Corporation of the City of North Bay (the "City") are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the City are as follows:

a) **Reporting entity:**

i) Consolidated entities:

These consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. These boards and entities include:

- North Bay Public Library Board ("Library")
- North Bay Police Service Board ("Police Service Board")
- Invest North Bay Development Corporation ("inbay")
- Board of Management For The Downtown Improvement Area ("DIA")
- North Bay Hydro Holdings Limited ("Holdco")
- North Bay Jack Garland Airport Corporation ("Airport")

All interfund assets and liabilities and sources of financing and expenses have been eliminated.

ii) Investment in Government Business Enterprises:

Government business enterprises are accounted for by the modified equity method. Under this method the business enterprises' accounting principles are not adjusted to conform with those of the City and inter-organizational transactions and balances are not eliminated. The government business enterprises included during the year and summarized in note 5 are:

- North Bay Hydro Distribution Limited
- North Bay Hydro Services Inc.

iii) Other entities:

The following joint local boards are not consolidated:

- The Board of Management for the District of Nipissing East ("Cassellholme")
- North Bay Parry Sound District Health Unit
- District of Nipissing Social Services Administration Board ("DNSSAB")

iv) Accounting for school board transactions:

The taxation, other revenues, expenses, assets and liabilities of Near North District School Board, Nipissing-Parry Sound Catholic District School Board, Conseil scolaire public du Nord-Est de l'Ontario, and Conseil scolaire catholique Franco-Nord are not reflected in these consolidated financial statements.

b) **Basis of accounting:**

Sources of financing and expenses are reported on the accrual basis of accounting. This method recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

c) **Cash and cash equivalents:**

Cash consists of balances held at financial institutions and all cash equivalents consist of highly liquid financial instruments with maturity of three months or less at acquisition.

d) **Investments:**

Investments are recorded at cost. Temporary declines in the market value of the long-term investments are not adjusted.

e) **Inventories:**

Included in other non-financial assets are inventories of goods and supplies which are priced at average cost on the same basis as the preceding year. Inventories of fleet parts and fuel are priced using First In First Out ("FIFO") method.

1. Significant accounting policies (continued):

f) **Tangible capital assets:**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs attributable to acquisition or construction, development or betterment of the tangible capital asset including but not limited to transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed capital assets are recorded at fair value at the time of receipt, with a corresponding amount recorded as revenue, when fair value can be reasonably estimated. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year the asset is available for productive use as follows:

Land improvements	7 to 40	Years
Buildings	10 to 100	Years
Vehicles	2 to 30	Years
Machinery and equipment	3 to 40	Years
Computer hardware and software	4 to 12	Years
Roads infrastructure	5 to 40	Years
Water and sewer infrastructure	50 to 75	Years
Bridges and structures	75	Years
Leasehold improvements	40	Years
Work in process	No Amortization Prior to Project Completion	

g) **Non-pension post-employment benefits and post-employment sick leave benefits:**

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

i) Actuarial cost method:

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

ii) Funding policy:

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

iii) Accounting policies:

Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ("EARSL") of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain or loss. Obligations are attributed to the period beginning on the member's date of hire and ending on the expected date of termination, death or retirement, depending on the benefit value. The City's fiscal year-end and the measurement date of the City's obligation are both December 31. The determination of the City's post-employment benefit obligations requires the use of actuarial assumptions, including discount rates, future salary and wage levels, health and dental cost trends, and EARSL. Details of the significant actuarial assumptions are disclosed in note 8 (vi).

h) **Taxation and related revenues:**

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established by City Council, incorporating amounts to be raised for local services and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known or the amount can be reasonably estimated. The City is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

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

i) **Government transfers and grants:**

Government transfers and grants are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized 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.

j) **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 a site is not in productive use and all the following criteria are met:

(a) an environmental standard exists;
(b) contamination exceeds the environmental standard;
(c) the City:
  (i) is directly responsible; or
  (ii) accepts responsibility
(d) it is expected that future economic benefit will be given up; and
(e) a reasonable estimate of the amount can be made

The liability includes all costs directly attributable to remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. If the likelihood of the City's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are to be disclosed as a contingent liability in the notes to the consolidated financial statements.

k) **Investment income:**

Investment income earned on surplus funds is reported as revenue in the period earned. Investment income earned on obligatory funds such as development charges and parkland allowances is added to the associated funds and forms part of the respective deferred revenue balances.

l) **User fees and other revenues:**

User fees and other revenues are reported recognized when the goods are sold or the services are provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained.

m) **Use of estimates:**

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles established by PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant items subject to such estimates and assumptions include: employee future benefits, liability for contaminated sites, asset retirement obligations, Provincial Offences Act receivables, allowances for doubtful accounts, useful lives of tangible capital assets, assessment at risk and other accrued liabilities and/or obligations. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the year in which they become known.

n) **Financial instruments:**

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

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

1. Significant accounting policies (continued):

n) **Financial instruments (continued):**

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from accumulated remeasurement gains and recognized in the statement of operations. Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded at fair value, as described below:

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

o) **Asset retirement obligation:**

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

(i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
(ii) The past transaction or event giving rise to the liability has occurred;
(iii) It is expected that the future economic benefits will be given up; and
(iv) A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the City has also been recognized based on estimated future expenses on closure of the site and post-closure care.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in note 1(f).

2. Accounting Standards Issued but not yet Adopted:

PS 1202 Financial Statement Presentation

The City continues to assess the impact of the following upcoming changes to Canadian public sector accounting standards, effective for its fiscal year beginning on January 1, 2027:

(i) The Conceptual Framework for Financial Reporting in the Public Sector – The new Conceptual Framework prescribes the nature, function and limits of financial accounting and reporting. It is the foundation on which Canadian public sector accounting standards are developed and professional judgment is applied. It will replace the conceptual aspects of PS 1000 Financial Statement Concepts and PS 1100 Financial Statement Objectives.
(ii) PS 1202 Financial Statement Presentation – The new standard provides updated guidance on the general and specific requirements for the presentation of information in general purpose financial statements. The implementation of this standard will require substantive changes to the City's financial statement presentation. PS 1202 will replace current PS 1201 Financial Statement Presentation.

The impact of these standards on the City's consolidated financial statements is not reasonably determinable at this time.

3. Investments:

	2025	2024
Investments - bonds and GICs	$ 31,353,168	$ 23,608,354
Total investments, end of year	$ 31,353,168	$ 23,608,354

The City's investments totalling $31,353,168 (2024 - $23,608,354) are reported at cost and mature between January 2026 to December 2030, with yields ranging from 1.33% to 5.20% (2024 - 1.15% to 5.25%). The current short-term portion equals $8,173,817 (2024 - $5,450,778).

4. Accounts receivable:

	2025	2024
Government of Canada	$ 17,385,294	$ 10,537,851
Province of Ontario	11,859,450	7,082,677
Other municipalities	3,740	4,865
North Bay Hydro Distribution Limited (note 5(a)(vi)	16,400	18,878
North Bay Hydro Services Inc. (note 5(a)(vii)	133,272	167,098
User fees and other	6,072,136	6,388,654
Total accounts receivable	$ 35,470,292	$ 24,200,023

5. Government business enterprises:

a) North Bay Hydro:

The City holds 100% of the shares of North Bay Hydro Holding Limited ("Holdco"). Holdco holds 100% of the shares of North Bay Hydro Distribution Limited ("Distribution") and North Bay Hydro Services Inc. ("Services"). The following provides condensed combined financial information for Distribution and Services.

	2025	2024
Combined Statement of Financial Position		
Total Assets	$ 162,703,870	$ 153,851,872
Total Liabilities	$ 100,568,582	$ 94,109,452
Accumulated Remeasurement Gains	932,486	1,048,516
Net Assets	61,202,802	58,693,904
Total Liabilities and Net Assets	$ 162,703,870	$ 153,851,872
Combined Statement of Operations		
Total Revenues	$ 91,092,139	$ 91,361,298
Total Expenses	87,366,537	88,039,361
Net income	$ 3,725,602	$ 3,321,937
Other Comprehensive income (loss)	$ (116,030)	$ (10,443)
Net Income and comprehensive income	$ 3,609,572	$ 3,311,494

Related party transactions between Hydro and the City are summarized as follows:

i) The City purchased electricity and services from Distribution including electrical energy in the amount of $1,999,835 (2024 - $2,093,572), street light energy in the amount of $455,069 (2024 - $426,486), and construction activity in the amount of $75,570 (2024 - $103,644).

ii) The City purchased street light maintenance from Services in the amount of $106,934 (2024 - $129,948) and electrical energy in the amount of $324,330 (2024 - $420,098) for the Community Energy Park.

iii) The City received municipal taxes from Distribution in the amount of $151,951 (2024 - $120,608).

iv) Distribution purchased goods and services from the City totalling $248,071 (2024 - $231,544).

v) Services purchased methane gas from the City totalling $74,541 (2024 - $68,790).

vi) At December 31, 2025, the City balances include accounts receivable of $16,400 (2024 - $18,878) and accounts payable and accrued liabilities of $282,123 (2024 - $2,707) due to/from Distribution.

vii) At December 31, 2025, the City balances include accounts receivable of $133,272 (2024 - $167,098) and accounts payable and accrued liabilities of $110,449 (2024 - $99,910) due to/from Services.

b) Investment in government business enterprises:

	2025	2024
Investment in government business enterprises, beginning of year	$ 59,742,420	$ 57,718,031
Equity earnings	3,609,572	3,311,494
Cash dividend received	(1,216,704)	(1,287,105)
Investment in government business enterprises, end of year	$ 62,135,288	$ 59,742,420

6. Accounts payable and accrued liabilities:

		2025		2024
Government of Canada	$	79,060	$	157,050
Province of Ontario		64,992		235,143
Other municipalities		167,845		3,544
Interest on debt		61,988		52,894
Trade accounts payable		25,304,110		22,859,544
North Bay Hydro Distribution Limited (note 5(a)(vi))		282,123		2,707
North Bay Hydro Services Inc. (note 5(a)(vii))		110,449		99,910
Liability for contaminated sites (note 15)		4,106,859		1,033,162
Accrued liabilities		7,268,974		7,572,945
Total accounts payable and accrued liabilities	$	37,446,400	$	32,016,899

7. Deferred revenue - obligatory reserve funds:

		2025		2024
Balance, beginning of the year	$	27,606,592	$	25,179,950
Canada Community - Building Fund contributions		3,449,374		3,362,342
Provincial Gas Tax contributions		784,736		784,736
Ontario Community Infrastructure Fund contributions		5,409,448		5,733,534
Development contributions		794,335		355,609
Investment income		956,137		1,451,975
Northern Ontario Resource Development Support (NORDS)		331,336		334,624
Hazardous Materials CBRNE Response Program contributions		101,062		39,062
Connecting Link contributions		1,484,433		-
Next Generation 9-1-1		833,251		569,554
Building Faster Fund (BFF)		400,000		280,000
Housing Accelerator Fund (HAF)		2,653,947		-
Housing Enabling Core Services		408,125		-
Library Beneficiary		96,659		-
Utilization of funds		(17,912,773)		(10,484,794)
Deferred revenue - obligatory reserve funds, end of year	$	27,396,662	$	27,606,592

		2025		2024
Analyzed as follows:				
Development Charges	$	4,664,037	$	4,397,269
Canada Community - Building Fund		2,297,136		9,442,806
Provincial Gas Tax Fund		1,454,926		1,628,617
Ontario Community Infrastructure Fund		8,690,041		6,781,441
Housing Accelerator Fund (HAF)		2,555,713		-
Building Code Act		2,349,346		2,070,575
Connecting Links		1,484,433		-
Northern Ontario Resource Development Support (NORDS)		1,248,941		1,604,725
Cash in lieu of Parkland		916,726		886,637
Hazardous Materials CBRNE Response Program		355,506		245,240
Cannabis Legalization Implementation Fund		227,494		220,353
Library Beneficiary Fund		99,792		-
Next Generation 9-1-1		27,138		23,978
Municipal Modernization Fund		21,587		20,909
Building Faster Fund (BFF)		594,751		284,042
Housing Enabling Core Services (HECS)		409,095		-
Deferred revenue - obligatory reserve funds, end of year	$	27,396,662	$	27,606,592

The above obligatory reserve funds consist of restricted cash and cash equivalents of $25,912,229 (2024 - $26,821,856) and accounts receivable of $1,484,433 (2024 - $784,736).

8. Post-employment benefits and compensated absences payable:

		2025		2024
Sick leave benefits	$	8,825,400	$	8,932,000
Supplementary health benefits		13,879,900		13,472,800
WSIB top-up income plan		2,797,100		2,566,100
Total post-employment benefits and compensated absences payable	$	25,502,400	$	24,970,900

The sick leave benefit provides eligible employees with vested and non-vested sick leave that accumulated beyond 12 months. The liability estimate includes compensated absences from pre-retirement usage and lump-sum payments at retirement.

The City maintains a vested sick leave plan for Fire Association employees hired before December 31, 1997, Police Service Board and Police Association employees hired before September 1, 1977, and all Library employees hired before August 31, 1987.

In addition, the City has a defined supplementary health benefit plan that provides medical, dental and life insurance to eligible City, Fire Association, Police Association and Library employees upon retirement. The supplementary health benefit liability reflects projected benefit costs for each member up to and during retirement, up to the age of 65.

2021 plan amendments added a healthcare spending account ("HCSA") for Fire retirees, revised the HCSA for Police retirees and extended health and dental coverage to Fire and Police employees receiving WSIB loss-of-earnings benefits.

The WSIB top-up income plan provides up to 100% of net pay for Fire and Police employees receiving WSIB loss-of-earnings benefits.

Information about the City's defined supplementary health benefit and sick leave plan is as follows:

		2025		2024
Sick leave benefits:				
Accrued benefit, beginning of year	$	8,932,000	$	9,162,000
Amortization of unamortized actuarial gains/losses and other		(74,000)		(74,000)
Service cost for the year		919,300		881,500
Interest expense for the year		356,800		359,800
Benefits paid during the year		(1,308,700)		(1,397,300)
Accrued benefit liability and projected obligation, end of year	$	8,825,400	$	8,932,000
Supplementary health benefits:				
Accrued benefit, beginning of year	$	13,472,800	$	13,030,600
Amortization of unamortized actuarial gains/losses and other		90,100		123,200
Service cost for the year		683,000		654,900
Interest expense for the year		607,400		593,500
Benefits paid during the year		(973,400)		(929,400)
Accrued benefit liability and projected obligation, end of year	$	13,879,900	$	13,472,800
WSIB Top-Up Income Plan benefits:				
Accrued benefit, beginning of year		2,566,100		2,286,900
Amortization of unamortized actuarial gains/losses and other	$	25,300	$	113,500
Service cost for the year		1,237,400		1,186,300
Interest expense for the year		143,800		126,200
Benefits paid during the year		(1,175,500)		(1,146,800)
Accrued benefit liability and projected obligation, end of year	$	2,797,100	$	2,566,100

8. Post-employment benefits and compensated absences payable (continued):

A comprehensive actuarial valuation was completed as at December 31, 2024 by an actuarial firm. The next valuation date will be as at December 31, 2027. The main actuarial assumptions employed for the valuations are as follows:

i) The discount rate for supplemental health benefits was assumed at 4.50% per annum for Accrued Benefit Obligation (2024 - 4.30%) and 4.50% per annum for the 2025 expense (2024 - 4.30%).

ii) The discount rate for sick leave benefits was assumed at 4.50% per annum for Accrued Benefit Obligation (2024 - 4.30%) and 4.50% per annum for the 2025 expense (2024 - 4.30%).

iii) Future general salary and wage levels were assumed to increase 3% per annum.

iv) Health costs were assumed at 6.05% per annum for 2025, reducing to 4.00% by 2045.

v) Dental costs were assumed at 6.00% per annum for 2025, reducing to 4.00% by 2045.

vi) The expected average remaining service life is 11 years for the supplemental health benefits and sick leave benefits. The expected average remaining service life is 2 years for the WSIB Top-Up Plan.

9. Net long-term liabilities:

a) The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

		2025		2024
Debentures (i)	$	26,350,155	$	26,200,771
Term loans (ii)		3,608,252		4,324,638
Cassellholme redevelopment commitment (iii)		52,617,400		63,077,238
Total net long-term liabilities	$	82,575,807	$	93,602,647
Total net long-term liabilities	$	82,575,807	$	93,602,647
Unamortized discount on Cassellholme commitment (iv)		9,486,529		2,832,103
Total contractual long-term liabilities (b)	$	92,062,336	$	96,434,750

(i) The debentures bear interest at rates of 1.44% to 4.22%, repayable in semi-annual principal payments of $225,000 (2024 - $225,000) and monthly principal payments of $424,637 (2024 - $478,825) plus interest, maturing in December 2027 to April 2035.

(ii) The term loans bear interest at rates of 2.25% to 2.73%, repayable in monthly principal payments of $59,699 (2024 - $59,699) plus interest, maturing in December 2027 to February 2036. As a condition of its credit facilities, the City must maintain certain restrictive covenants. As at December 31, 2025, the City was in compliance with all restrictive covenants.

(iii) The City is a participating municipality of a northern joint municipal home, Cassellholme, and is responsible for its share of funding in accordance with the *Fixing Long-Term Care Act, 2021*, S.O. 2021, c. 39, Sched. 1 (the "FLTCA"). In 2022, construction began on the redevelopment and expansion of the existing 240-bed long-term care facility, and Cassellholme entered into a Financing Agreement with Ontario Infrastructure and Lands Corporation ("OILC") for the redevelopment project. In accordance with the FLTCA, the City will be responsible for its share of annual principal and interest payments incurred by Cassellholme upon completion of the project. Based on a municipal borrowing rate of 4.85% for a 30 year period, the present value of the expected payments commencing in 2029 (2024 - 2026) is $52,617,400, a decrease of $10,459,838 (2024 - increase of $2,654,953) over the prior year. The decrease in the present value of the expected payments compared to the prior year is primarily due to a change in timing assumptions, with the debenture now anticipated to be issued in 2029 rather than in 2026 to align with anticipated project completion.

During 2022, the City entered into a Guarantee and Postponement of Claims agreement with the Ontario Infrastructure and Lands Corporation ('OILC") for the redevelopment project. Under the terms of the agreement, the City is named as a joint guarantor in regards to a Financing Agreement between Cassellholme and OILC. In the event of default, the City's maximum liability is $46.1 million being the maximum amount of principal owing plus any accrued interest.

9. Net long-term liabilities (continued):

(iv) The Cassellholme redevelopment commitment has been recorded at its present value. The difference between the present value and the total contractual principal payments is being amortized annually as accretion expense until the debt is incurred by Cassellholme. The expected accretion is as follows:

		2025
2026		2,551,966
2027		2,675,714
2028		2,805,486
2029		1,453,363
Total unamortized discount on Cassellholme commitment	$	9,486,529

(v) Principal payments for long-term liabilities totalled $7,365,514 (2024 - $7,527,279).

b) The estimated principal repayments required to settle contractual long-term liabilities are as follows:

		2025
2026		6,262,024
2027		5,395,523
2028		4,495,523
2029		4,960,483
2030		4,009,448
2031 and thereafter		66,939,335
Total contractual long-term liabilities	$	92,062,336

		2025
The repayments are summarized as follows:		
From municipal revenues	$	85,445,559
From user fees		5,716,777
From reserve funds		900,000
Total net long-term liabilities	$	92,062,336

c) The long-term liabilities reported in 9(a)(i) and 9(a)(ii), as well as the guarantee reported in 9(a)(iii), issued in the name of the City, have been approved by municipal by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

10. Interest on long-term liabilities:

Total interest charges for the year on long-term liabilities reported in the Consolidated Statement of Operations and Accumulated Surplus are as follows:

		2025		2024
General government	$	5,944	$	7,286
Protection services		3,504		5,862
Transportation services		348,498		332,119
Engineering and environmental services		355,650		404,207
Recreation and cultural services		196,124		174,728
Total interest payments	$	909,720	$	924,202

Interest includes accruals on long-term liabilities outstanding in the amount of $61,988 (2024 - $52,894).

11. Total accumulated surplus:

	2025	2024
Investment in tangible capital assets	$ 608,679,951	$ 571,919,968
General surplus	52,894,523	40,899,782
Reserve funds	89,244,337	80,536,780
Equity in government business enterprises	62,135,288	59,742,420
Accumulated remeasurement gains	932,486	1,048,516
Amounts to be recovered:		
Post employment benefits and compensated absences	(25,502,400)	(24,970,900)
Asset retirement obligation	(6,290,411)	(5,923,700)
Contaminated sites	(4,106,859)	(1,033,162)
Net long-term liabilities	(82,575,807)	(93,602,647)
Total accumulated surplus, end of year	$ 695,411,108	$ 628,617,057

12. Pension agreements:

The City makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan, on behalf of all permanent, full-time members of its staff and part-time staff who have elected to join. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to more than 665,000 active and retired members and over 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2025, the total actuarial liabilities of $151.4 billion in respect of benefits accrued for service with actuarial assets at that date of $150 billion indicating an actuarial deficit of $1.32 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. The Municipality has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. As a result, the City does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the City to OMERS for 2025 were $6,046,430 (2024 - $5,609,897).

13. Commitments and contractual rights:

a) **Commitments:**

Through its normal course of operations, the City enters into long-term contracts for the purchase of goods and services and for the construction of capital projects for which completion is expected to occur beyond the current fiscal year. The future value of certain long-term contracts is unknown. Annually, the City includes estimated payments required for the upcoming year as part of its budget to ensure that sufficient funding is available for these contracts, with funding for capital projects identified and committed prior to the awarding of the related contracts.

b) **Contractual rights:**

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The City's contractual rights arise from a lease agreement with the DNSSAB for the rental of office space and the recovery of occupancy costs and support services provided by the City to the DNSSAB.

14. Contingent liabilities:

The City is subject to various litigation and claims arising in the normal course of its operations. The final outcome of the outstanding claims cannot be determined at this time. However, management believes that the ultimate disposition of these matters will not materially exceed the amounts recorded in the accounts. Any amendments to amounts accrued will be recorded once new information becomes available.

15. Liability for contaminated sites:

The City has a monitoring program in place to identify and assess contaminated sites on an ongoing basis to determine if remediation is required under legislation. The City's financial statements include a liability of $4,106,859 (2024 - $1,033,163) relating to contaminated site remediation costs. The increase in the liability reflects updated estimates arising from ongoing site investigations, environmental assessments, and revisions to anticipated remediation requirements. The liability for remediation costs is determined using management's best estimate of costs based on engineering and other professional reports, testing, anticipated timing of the future expenditures and recoveries. Due to the nature of this liability, including the assumptions inherent in its quantification, this amount may change in the future if additional or less costs are estimated, legislation changes occur, or timing of future expenditures change. Any changes to this liability will be recognized as an expense or recovery in the Consolidated Statement of Operations and Accumulated Surplus in the year they become known. This amount has been recorded as a liability at year end and has been included in accounts payable and accrued liabilities on the Consolidated Statement of Financial Position.

The City has identified one (2024 - one) inactive landfill site for which it retains responsibility for all costs relating to closure and post-closure care.

Post-closure care activities for landfill sites are expected to occur in perpetuity and will involve surface and ground water monitoring, maintenance of drainage structures, monitoring leachate and landfill gas, and maintenance of the landfill cover.

The estimated liability for the care of inactive landfill sites is the present value of future cash flows associated with closure and post-closure costs discounted using an estimated annual inflation rate of 3% (2024 - 2%). The estimated present value of future expenditures for post-closure care is $641,136 (2024 - $643,394), which has been included in the liability above.

16. Public liability insurance:

For the period of 2004 to 2007, the City participated in the Ontario Municipal Insurance Exchange ("OMEX"), a reciprocal insurance arrangement under which members pool their insurance coverage and share in the related liabilities. Under the terms of the arrangement, the City agreed to assume a certain percentage of the entire group's liabilities and losses for the period of time that the City was a member. In the event that an annual premium funding becomes insufficient to cover claims and claim reserves, the reciprocal has the ability to re-assess each member to appropriately fund the difference. As the claims for the above-noted period are settled, the City may either incur new liabilities or receive refunds.

17. Provincial Offences Act:

The Ministry of the Attorney General requires all municipal partners administering Provincial Offences Act ("POA") to disclose in the year-end audited consolidated financial statements a note on the gross and net provincial offences revenues earned. The table below is presented on an accrual basis of accounting whereas distributions to participating partners are done on a cash basis. The following table provides condensed financial information required by the terms in the Memorandum of Understanding ("MOU") for its 2025 fiscal year with comparative 2024 figures:

		2025		2024
Revenues (net of refunds)	$	1,470,666	$	1,345,308
Expenses: Provincial charges		123,736		117,613
Operating expenses		1,130,390		1,082,057
		1,254,126		1,199,670
Net revenue (loss)	$	216,540	$	145,638

The City shares net revenues/losses with participating partners on a cash basis. In 2025, the City retained $178,321 (2024 - $151,691) and transferred $141,321 to participating partners (2024 - $120,217).

The City's Consolidated Statement of Operations and Accumulated Surplus includes an accrual for POA receivables in the amount of $246,711 (2024 - $209,334).

18. Budget:

Budget data presented in these consolidated financial statements is based on the 2025 operating, water and sewer operating and capital budgets approved by Council. The chart below reconciles the approved net budget figure prepared on a cash basis with the budget figures presented in these consolidated financial statements. Budget figures have been reclassified for purposes of these consolidated financial statements to comply with PSAB reporting requirements.

			2025
Budget By-law for the year		$	91,000
Add:	Debt principal repayments		9,040,504
	Investment in tangible capital assets		83,727,685
	Contaminated sites liability		63,161
Less:	Amortization of tangible capital assets		(28,661,685)
	Post employment benefits and compensated absences payable		(704,600)
	Asset retirement obligation amortization		(122,409)
	Other transfers and adjustments		(11,823,366)
	Debt proceeds		(23,833,945)
Budget surplus per Consolidated Statement of Operations and Accumulated Surplus		$	27,776,345

19. Tangible capital assets:

	Land & Land Improvements	Buildings	Vehicles	Machinery & Equipment	Computer Hardware & Software	Roads	Water & Sewer	Bridges & Structures	Leasehold Improvements	Work in Process	2025 Total
Cost, beginning of year	$ 136,971,784	$ 170,444,187	$ 44,535,544	$ 116,849,925	$ 5,327,715	$ 314,929,002	$ 255,149,539	$ 53,655,192	$ 1,851,577	$ 18,314,831	$ 1,118,029,296
Additions during the year	2,077,024	1,806,584	5,558,036	4,142,468	310,567	9,691,769	9,496,276	315,989	-	40,595,157	73,993,870
Disposals/transfers during the year	(104,071)	(4,256)	(2,111,258)	(4,369,470)	(726,118)	(2,026,672)	(136,472)	(121,436)	-	(6,207,842)	(15,807,595)
Writedowns during the year	-	-	-	-	-	-	-	-	-	-	-
Cost, end of year	138,944,737	172,246,515	47,982,322	116,622,923	4,912,164	322,594,099	264,509,343	53,849,745	1,851,577	52,702,146	1,176,215,571
Accumulated amortization, beginning of year	73,793,954	67,359,971	24,849,459	71,761,972	3,715,327	186,391,271	99,600,420	17,988,905	648,049	-	546,109,328
Amortization expense	2,714,973	3,434,229	3,073,749	5,302,350	682,070	10,224,775	3,540,649	854,413	46,291	-	29,873,499
Disposals during the year	(86,785)	(4,256)	(1,863,039)	(4,177,403)	(726,118)	(1,454,149)	(86,883)	(48,574)	-	-	(8,447,207)
Accumulated amortization, end of year	76,422,142	70,789,944	26,060,169	72,886,919	3,671,279	195,161,897	103,054,186	18,794,744	694,340	-	567,535,620
Net book value, beginning of year	63,177,830	103,084,216	19,686,085	45,087,953	1,612,388	128,537,731	155,549,119	35,666,287	1,203,528	18,314,831	571,919,968
Net book value, end of year	$ 62,522,595	$ 101,456,571	$ 21,922,153	$ 43,736,004	$ 1,240,885	$ 127,432,202	$ 161,455,157	$ 35,055,001	$ 1,157,237	$ 52,702,146	$ 608,679,951

	Land & Land Improvements	Buildings	Vehicles	Machinery & Equipment	Computer Hardware & Software	Roads	Water & Sewer	Bridges & Structures	Leasehold Improvements	Work in Process	2024 Total
Cost, beginning of year	$ 134,319,784	$ 167,339,776	$ 40,507,260	$ 117,747,746	$ 9,925,292	$ 311,810,117	$ 251,069,857	$ 53,599,269	$ 1,851,577	$ 17,382,106	$ 1,105,552,784
Additions during the year	3,568,401	3,776,747	5,496,976	13,151,376	937,467	7,438,629	4,203,377	55,923	-	12,619,882	51,248,778
Disposals/transfers during the year	(916,401)	(672,336)	(1,468,692)	(13,930,738)	(5,535,044)	(4,319,744)	(119,456)	-	-	(11,687,157)	(38,649,568)
Writedowns during the year	-	-	-	(118,459)	-	-	(4,239)	-	-	-	(122,698)
Cost, end of year	136,971,784	170,444,187	44,535,544	116,849,925	5,327,715	314,929,002	255,149,539	53,655,192	1,851,577	18,314,831	1,118,029,296
Accumulated amortization, beginning of year	72,123,129	64,211,784	23,213,941	80,097,526	8,495,211	179,741,619	96,240,450	17,136,912	601,760	-	541,862,332
Amortization expense	2,587,226	3,658,685	3,037,576	5,353,935	753,084	10,091,675	3,417,733	851,993	46,289	-	29,798,196
Disposals during the year	(916,401)	(510,498)	(1,402,058)	(13,689,489)	(5,532,968)	(3,442,023)	(57,763)	-	-	-	(25,551,200)
Accumulated amortization, end of year	73,793,954	67,359,971	24,849,459	71,761,972	3,715,327	186,391,271	99,600,420	17,988,905	648,049	-	546,109,328
Net book value, beginning of year	62,196,655	103,127,992	17,293,319	37,650,220	1,430,081	132,068,498	154,829,407	36,462,357	1,249,817	17,382,106	563,690,452
Net book value, end of year	$ 63,177,830	$ 103,084,216	$ 19,686,085	$ 45,087,953	$ 1,612,388	$ 128,537,731	$ 155,549,119	$ 35,666,287	$ 1,203,528	$ 18,314,831	$ 571,919,968

20. Asset retirement obligation:

The City's asset retirement obligation consists of several obligations as follows:

a) Landfill obligation:

The City owns a landfill site. The liability for the closure of operational sites and post-closure care has been recognized under *PS 3280 Asset Retirement Obligation* . The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 35 years post this date.

The landfill has an estimated remaining capacity of 881,598 cubic metres of waste and is expected to reach its capacity in approximately 15.3 years.

Post-closure care for the landfill sites is estimated to be required for 35 years from the date of site closure. These costs were discounted to December 31, 2025 using a discount rate of 3% per annum.

b) Asbestos obligation:

The City owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove or remediate it. Following the adoption of *PS 3280 Asset Retirement Obligation* , the City recognized an obligation relating to the removal and post-removal care of the asbestos in these building. As at December 31, 2025, the obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

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

Asset Retirement Obligation	Landfill closure	Asbestos removal	Balance at December 31, 2025
Opening balance	$ 4,579,290	$ 1,344,410	$ 5,923,700
Adjustment	$ 205,495	$ 161,216	$ 366,711
Closing balance	$ 4,784,785	$ 1,505,626	$ 6,290,411

Asset Retirement Obligation	Landfill closure	Asbestos removal	Balance at December 31, 2024
Opening balance	$ 4,462,607	$ 1,386,724	$ 5,849,331
Adjustment	$ 116,683	$ (42,314)	$ 74,369
Closing balance	$ 4,579,290	$ 1,344,410	$ 5,923,700

21. Segmented information:

For each reported segment, revenues and expenditures represent both amounts that are directly attributed to the segment, as well as amounts that are allocated to the segments on a reasonable basis. The accounting policies followed in the segments are consistent with the accounting policies followed in the preparation of these consolidated financial statements as disclosed in note 1. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

a) General Government:

General Government consists of the Office of the Mayor, Council expenses, Administrative Services (including Clerks, Elections and Legal Services), Human Resources, Financial Services Departments and Strategic Initiatives (Communications and Information Technology Services). Areas within the General Government respond to the needs of external and internal clients by providing high quality, supportive and responsive services. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

b) Protection Services:

Protection Services is comprised of Fire, Police, contributions to the North Bay Mattawa Conservation Authority, contributions to the North Bay Humane Society, Building Services, Emergency Measures and management of Provincial Offences Act. Police services provides adequate and effective policing that meets the needs of the community in areas of crime prevention, law enforcement, assistance to victims of crime, public order and emergency response. Fire Protection includes fire suppression services, fire prevention programs, fire safety education, rescue and emergency services and the training of persons involved in the provision of these activities. Building Services processes permit applications and ensures compliance with the Ontario Building Code and with By-Laws enacted by Council.

c) Transportation Services:

Transportation Services consists of year-round road maintenance, parking, traffic signals, street lighting, transit services and air transportation. Activities include the maintenance of roadsides defined as sidewalks and walkways. This service is responsible for the operational integrity of the roadway system though year-round surface maintenance and winter maintenance. The parking department provides and manages public parking both on and off street and ensures that available parking spaces are shared between both long and short-term parkers to allow the greatest possible access for visitors to the central business district. Traffic signal services provide the planning, design, operation and maintenance of the City's street lights and traffic signal networks. Public transit is responsible for the operation of a public transportation system including the maintenance and repairs of the fleet of transit buses. This section also includes the revenues and expenses of the Airport.

d) Engineering and Environmental Services:

Environmental Services consists of water supply and distribution, wastewater treatment, storm sewer systems, waste collection, waste disposal and recycling. This division ensures the supply and quality of the City's drinking water, processes and cleans wastewater to meet all Provincial standards and provides waste disposal and recycling services.

e) Community Services:

The City provides transfer payments to public health services to improve the overall health of the population by providing various services to individuals and the community. Social and family services provides services that are meant to help the less fortunate in society and support Cassellholme. Social housing is provided to help shelter families and elderly in need. Childcare funding is provided to subsidize daycares and to provide early learning programs. The ambulance service transports the injured to the hospital and provides emergency medical care to those in need.

f) Recreation and Cultural Services:

Recreation and Cultural Services includes parks services, recreational programs, recreation facilities, the library, and other cultural services and activities. Parks and recreation services develop and deliver high-quality recreational programs, and develop and maintain recreational facilities, parks and sports fields to ensure all residents have the opportunity to enjoy a healthy lifestyle. Cultural services invest in local non-profit organizations that deliver services on behalf of the City. Library services provide library services to the citizens. Recreational and cultural programs include festivals and various community events.

g) Planning and Development:

Planning and Development includes Planning and Economic Development departments, inbay and the DIA. The Planning department is responsible for the planning and review of property development plans and the City's future direction. Economic Development generates opportunities in the community to strengthen the economic base of the City.

21. Segmented information (continued):

	General Government	Protection	Transportation	Engineering & Environmental	Community Services	Recreation & Cultural	Planning & Development	Unallocated	2025 Total
Revenues:									
Property taxation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 109,394,958	$ 109,394,958
Taxation from other governments	-	-	-	-	-	-	-	4,630,896	4,630,896
User charges	417,142	386,100	6,141,945	30,974,761	-	2,313,725	82,538	-	40,316,211
Government transfers and grants	-	2,979,819	15,185,601	8,851,330	-	28,348,586	83,842	11,548,700	66,997,878
License, permits fees and rents	619,878	1,411,295	27,423	-	-	726,086	46,461	-	2,831,143
Investment income	4,725,523	-	32,587	-	-	-	-	-	4,758,110
Provincial Offences Act	-	1,470,666	-	-	-	-	-	-	1,470,666
Other	4,629,140	864,045	3,218,777	1,177,902	-	257,792	7,101	-	10,154,757
Equity loss in government business enterprises								3,725,602	3,725,602
	10,391,683	7,111,925	24,606,333	41,003,993	-	31,646,189	219,942	129,300,156	244,280,221
Expenses:									
Salary and benefits	5,705,805	42,923,323	11,873,468	9,701,974	-	8,323,997	1,901,407	-	80,429,974
Materials	1,949,254	3,924,495	6,689,539	17,757,660	-	3,947,091	313,970	-	34,582,009
Contracted services	1,137,456	2,835,741	5,741,259	4,499,667	-	1,713,343	325,209	-	16,252,675
Rents and financial	27,323	209,950	437,161	300,655	732,599	120,913	14,580	-	1,843,181
External transfers	50,000	1,546,610	-	-	18,899,848	1,257,432	1,246,061	-	22,999,951
Loss/ (gain) on disposal	(1,805)	10,603	818,583	84,130	-	27,458	-	-	938,969
Interest	5,944	3,504	348,498	355,650	-	196,124	-	-	909,720
Amortization of tangible capital assets	698,347	1,367,358	15,998,043	8,672,455	-	3,123,013	14,283	-	29,873,499
	9,572,324	52,821,584	41,906,551	41,372,191	19,632,447	18,709,371	3,815,510	-	187,829,978
Annual surplus (deficit) before undernoted item	819,359	(45,709,659)	(17,300,218)	(368,198)	(19,632,447)	12,936,818	(3,595,568)	129,300,156	56,450,243
Cassellholme redevelopment commitment					10,459,838				10,459,838
Annual surplus (deficit)	$ 819,359	$ (45,709,659)	$ (17,300,218)	$ (368,198)	$ (9,172,609)	$ 12,936,818	$ (3,595,568)	$ 129,300,156	$ 66,910,081

	General Government	Protection	Transportation	Engineering & Environmental	Community Services	Recreation & Cultural	Planning & Development	Unallocated	2024 Total
Revenues:									
Property taxation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 106,504,941	$ 106,504,941
Taxation from other governments	-	-	-	-	-	-	-	4,496,772	4,496,772
User charges	358,245	426,112	6,217,697	29,319,130	-	2,176,734	89,516	-	38,587,434
Government transfers and grants	-	2,718,811	10,265,782	4,049,301	-	3,517,005	239,253	10,198,200	30,988,352
License, permits fees and rents	595,171	1,107,002	30,622	-	-	645,494	44,490	-	2,422,779
Investment income	5,888,179	-	54,544	-	-	-	-	-	5,942,723
Provincial Offences Act	-	1,345,308	-	-	-	-	-	-	1,345,308
Other	4,787,436	550,122	167,659	1,602,445	-	1,165,354	15,246	-	8,288,262
Equity loss in government business enterprises	-	-	-	-	-	-	-	3,321,937	3,321,937
	11,629,031	6,147,355	16,736,304	34,970,876	-	7,504,587	388,505	124,521,850	201,898,508
Expenses:									
Salary and benefits	5,581,187	40,067,998	12,129,225	9,309,335	-	8,330,767	1,991,958	-	77,410,470
Materials	2,059,251	3,168,460	6,609,267	12,088,738	-	3,267,285	437,870	-	27,630,871
Contracted services	1,022,150	2,449,554	4,357,726	4,794,010	-	1,380,834	366,058	-	14,370,332
Rents and financial	85,906	171,936	200,718	318,479	-	104,211	10,480	-	891,730
External transfers	50,000	1,964,015	-	-	18,422,753	932,351	966,903	-	22,336,022
Loss/ (gain) on disposal	(54,950)	(634)	823,879	61,693	-	186,268	-	-	1,016,256
Interest	7,286	5,862	332,119	404,207	-	174,728	-	-	924,202
Amortization of tangible capital assets	857,984	1,534,319	15,822,937	8,539,618	-	3,028,623	14,719	-	29,798,200
	9,608,814	49,361,510	40,275,871	35,516,080	18,422,753	17,405,067	3,787,988	-	174,378,083
Annual surplus (deficit) before undernoted item	2,020,217	(43,214,155)	(23,539,567)	(545,204)	(18,422,753)	(9,900,480)	(3,399,483)	124,521,850	27,520,425
Cassellholme redevelopment commitment	-	-	-	-	(2,654,953)	-	-	-	(2,654,953)
Annual surplus (deficit)	$ 2,020,217	$ (43,214,155)	$ (23,539,567)	$ (545,204)	$ (21,077,706)	$ (9,900,480)	$ (3,399,483)	$ 124,521,850	$ 24,865,472

22. Credit facility agreement:

The City has a credit facility agreement with a Canadian Financial Institution bearing interest at the bank's prime rate less 0.85%. The maximum draw under the terms of the operating line is $12 million. At year-end the City has not utilized any amount under this credit facility (2024 - $nil).

23. Change in non-cash working capital:

	2025	2024
Decrease (increase) in taxes receivable	$ 1,401,472	$ (1,960,245)
Decrease (increase) in accounts receivable	(11,270,269)	(7,820,672)
Decrease (increase) in other financial assets	6,390	382,291
Increase (decrease) in accounts payable and accrued liabilities	5,429,501	4,625,212
Increase (decrease) in deferred revenue	370,975	(369,657)
Increase (decrease) in obligatory reserve fund	(209,930)	2,426,642
Decrease (increase) in other non-financial assets	(237,058)	(293,916)
	$ (4,508,919)	$ (3,010,345)

24. Comparative figures:

Certain comparative figures have been reclassified to conform to current year presentation.