Consolidated Financial Statements of

THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Year ended December 31, 2025

THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Consolidated Financial Statements

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 Sault Ste. Marie (the "City") are the responsibility of the City's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgment, 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 consolidated financial statements. These systems are monitored and evaluated by management.

City council meets with management and the external auditors to review the consolidated 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	Chief Financial Officer / City Treasurer

KPMG LLP
480 Pim Street, Unit 1
Sault Ste. Marie, ON P6B 2V4
Canada
Telephone 705 949 5811
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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of The City of Sault Ste. Marie

Opinion

We have audited the consolidated financial statements of The Corporation of The City of Sault Ste. Marie (the City), 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 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 City as at December 31, 2025, and its consolidated results of operations, 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 City 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 City'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 City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City'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 City'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 City'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 City 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

Sault Ste. Marie, Canada

July 27, 2026

THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Consolidated Statement of Financial Position

December 31, 2025, with comparative information for 2024

		2025		2024
Financial assets				
Cash and cash equivalents	$	82,272,219	$	75,814,621
Temporary investments (note 2)		23,899,048		22,971,863
Taxes receivable (note 3)		7,391,280		8,281,306
Other current assets		-		384
Accounts receivable		53,185,082		51,521,984
Investment in government business enterprises (note 8)		105,082,844		98,173,018
		271,830,473		256,763,176
Financial liabilities				
Accounts payable and accrued liabilities		34,824,084		39,860,636
Temporary advances from trust funds		17,250		10,475
Deferred revenue - obligatory reserve funds (note 4)		10,212,789		8,991,955
Net long-term liabilities - The Corporation of the City of Sault Ste. Marie (note 5)		12,685,298		13,434,739
Net long-term liabilities - Public Utilities Commission of the City of Sault Ste. Marie (note 6)		3,956,715		5,016,442
Net long-term liabilities - Sault Ste Marie Public Library (note 7)		2,045,075		2,174,348
Employee future benefit obligations (note 14)		40,576,175		39,486,498
Asset retirement obligations (note 15)		47,335,678		46,506,956
		151,653,064		155,482,049
Net financial assets		120,177,409		101,281,127
Non-financial assets:				
Tangible capital assets (note 16)		689,911,223		658,583,683
Prepaid expenses		584,699		613,031
Inventories		4,333,009		8,871,130
		694,828,931		668,067,844
Contingent liabilities (note 13)				
Accumulated surplus (note 17)	$	815,006,340	$	769,348,971

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

THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 9)	2025 Actual	2024 Actual
Revenue:			
Property taxation	$ 148,521,347	$ 149,096,080	$ 144,053,458
Taxation from other governments	5,054,728	5,016,284	4,929,052
Fees and user charges	64,876,585	69,965,620	63,785,017
Government grants (note 18)	49,347,530	49,207,472	37,605,952
Interest income	7,889,000	9,615,605	11,035,979
Other	2,204,851	8,732,850	6,437,690
Developer contributions (note 16)	-	176,713	105,729
Gain on disposal of tangible capital assets	-	69,428	172,119
Net income of government business enterprises (note 8)	-	7,819,906	5,855,467
Total revenue	277,894,041	299,699,958	273,980,463
Expenses:			
General government	19,958,663	22,246,381	20,762,803
Protection services	64,423,967	62,904,841	61,299,822
Transportation services	39,917,547	40,874,360	45,017,967
Environmental services	32,784,831	32,066,442	25,398,259
Health services	4,716,310	4,762,870	4,433,322
Social and family services	22,575,758	22,546,379	22,059,029
Recreation and cultural services	29,734,168	31,408,958	27,887,077
Planning and development	3,553,260	4,047,779	5,579,236
Amortization of tangible capital assets	27,441,593	27,601,734	26,484,698
Loss on disposal of tangible capital assets	-	4,754,123	-
Total expenses	245,106,097	253,213,867	238,922,213
Annual surplus before the undernoted	32,787,944	46,486,091	35,058,250
Asset retirement obligation accretion expense (note 15)	-	828,722	2,426,700
Annual surplus	32,787,944	45,657,369	32,631,550
Accumulated surplus, beginning of year	769,348,971	769,348,971	736,717,421
Accumulated surplus, end of year	$ 802,136,915	$ 815,006,340	$ 769,348,971

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

THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 9)	2025 Actual	2024 Actual
Annual surplus	$ 32,787,944	$ 45,657,369	$ 32,631,550
Acquisition of tangible capital assets	(56,547,201)	(59,127,960)	(43,900,806)
Amortization of tangible capital assets	27,441,593	27,601,734	26,484,698
Gain on sale of tangible capital assets	-	(69,428)	(172,119)
Proceeds on sale of tangible capital assets	-	268,114	235,516
	3,682,336	14,329,829	15,278,839
Change in prepaid expenses	-	28,332	38,396
Change in inventories	-	4,538,121	(4,883,342)
Change in net financial assets	3,682,336	18,896,282	10,433,893
Net financial assets, beginning of year	101,281,127	101,281,127	90,847,234
Net financial assets, end of year	$ 104,963,463	$ 120,177,409	$ 101,281,127

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

THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Consolidated Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 45,657,369	$ 32,631,550
Items not involving cash:		
Amortization of tangible capital assets	27,601,734	26,484,698
Gain on sale of tangible capital assets	(69,428)	(172,119)
Developer contributions	(176,713)	(105,729)
Change in future employee benefit obligations	1,089,677	868,349
Change in landfill closure and post-closure liability	647,004	2,240,426
Change in facility retirement obligation	181,718	186,274
Net income of government business enterprise	(7,819,906)	(5,855,467)
	67,111,455	56,277,982
Change in non-cash assets and liabilities:		
Taxes receivable	890,026	(210,909)
Accounts receivable	(1,663,098)	(9,906,648)
Other current assets	384	(384)
Prepaid expenses	28,332	38,396
Inventories	4,538,121	(4,883,342)
Accounts payable and accrued liabilities	(5,036,552)	8,637,891
Deferred revenue - obligatory reserves	1,220,834	1,324,709
Temporary advances from (to) trust funds	6,775	(561,109)
	67,096,277	50,716,586
Capital activities:		
Proceeds on sale of tangible capital assets	268,114	235,516
Cash used to acquire tangible capital assets	(58,951,247)	(43,795,077)
	(58,683,133)	(43,559,561)
Investing activities:		
Dividends received from government business enterprises	910,080	610,080
	910,080	610,080
Financing activities:		
Proceeds from long-term liabilities	-	1,025,000
Repayment of long-term liabilities	(1,938,441)	(1,732,171)
	(1,938,441)	(707,171)
Net change in cash	7,384,783	7,059,934
Cash and cash equivalents, beginning of year	98,786,484	91,726,550
Cash and cash equivalents, end of year	$ 106,171,267	$ 98,786,484
Cash position consists of:		
Cash and cash equivalents	$ 82,272,219	$ 75,814,621
Temporary investments	23,899,048	22,971,863
	$ 106,171,267	$ 98,786,484

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

The City of Sault Ste. Marie (the "City") is a municipality that was created on April 16, 1912 pursuant to the Municipal Act. The City provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

1. Significant accounting policies:

The consolidated financial statements of the City are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the City are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

The 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 except for the City's government business enterprises which are accounted for on the modified equity basis of accounting.

These entities and organizations include:

Sault Ste. Marie Police Services Board
Public Utilities Commission of the City of Sault Ste. Marie ("Commission")
Sault Ste. Marie Public Library
Tourism Sault Ste. Marie

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

(ii) Investment in Government Business Enterprises:

The City's investment in PUC Inc. and PUC Services Inc. is accounted for on a modified equity basis, consistent with Canadian generally accepted accounting principles as recommended by PSAB for investments in government business enterprises. Under the modified equity basis, PUC Inc.'s and PUC Services Inc.'s accounting policies are not adjusted to conform with those of the City and inter-organizational transactions and balances are not eliminated. The City recognizes its equity interest in the annual income or loss of PUC Inc. and PUC Services Inc. in its consolidated statement of operations and accumulated surplus with a corresponding increase or decrease in its investment asset account. Any dividends that the City may receive from PUC Inc. and PUC Services Inc. will be reflected as reductions in the investment asset account.

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(iii) Related entities:

The consolidated financial statements do not reflect the assets, liabilities, sources of financing, expenses and the activities of the following Boards and enterprises which are not under the control of Council:

Algoma Public Health
District of Sault Ste. Marie Social Services Administration Board
Board of Management of Queenstown
Sault Ste. Marie Region Conservation Authority

(iv) Trust funds:

Trust funds and their related operations administered by the City are not included in the consolidated financial statements.

(b) Basis of accounting:

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

(c) Revenue recognition:

The City prepares tax billings based on assessment rolls issued by the Municipal Property Assessment Corporation, in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized in the period in which the taxes are levied.

Government transfers are recognized in the period in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Government grants are recognized when approved to the extent the related expenditures have been incurred and collection can be reasonably assured.

User fees and other revenues are recognized when the services are performed or goods are delivered, performance obligations are fulfilled, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

(d) Temporary investments:

Temporary investments are recorded at the lower of cost and market value.

(e) Inventories:

Inventories held for resale are stated at the lower of cost and net realizable value, while inventories of supplies are stated at the lower of cost and replacement value.

1. Significant accounting policies (continued):

(f) Deferred revenue:

Deferred revenues include licenses, permits and other fees which have been collected, but for which the related services or inspections have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

A requirement for local governments is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation and other agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. Given the restriction in use until spent on qualifying projects or expenses these amounts are deferred.

(g) 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.

(i) 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 costs, less (if applicable) residual value of the tangible capital assets excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Landfill and land improvements	10 - 30 years
Buildings and building improvements	10 - 60 years
Vehicles	3 - 15 years
Machinery and equipment	5 - 25 years
Infrastructure	15 - 100 years

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

(ii) Contributions for tangible capital assets:

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

(iii) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets and amortized over the term of the lease. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

(iv) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, tangible capital assets are recognized at a nominal value.

(v) Works of art and historical treasures:

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

(h) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, asset retirement obligations and in performing actuarial valuations of employee future benefits.

Actual results could differ from these estimates.

(i) Employee future benefits:

(i) The City provides certain benefits which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board (“WSIB”) Act, and life insurance, extended health and dental benefits for early retirees.

The costs of sick leave, benefits under WSIB and life insurance, extended health and dental benefits are actuarially determined using management’s best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, long-term inflation rates and discount rates.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities, compensated absences and health, dental and life insurance benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service.

Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

1. Significant accounting policies (continued):

(i) Employee future benefits (continued):

(i) (continued):

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

(ii) The costs of multi-employer defined contribution pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions ("OMERS"), are the employer's contributions due to the plan in the period.

(j) 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.

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

1. Significant accounting policies (continued):

(k) Asset retirement obligation:

An asset retirement obligation 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(g) i.

2. Temporary investments:

Temporary investments consist of GICs with interest rates between 3.50% and 3.75% with maturity dates ranging from February 2026 to June 2026.

3. Taxes receivable:

Property tax billings are prepared by the City based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. All assessed property values in the City were established based on a common valuation date which was used by the City in computing the property tax bills for 2025. However, the property tax revenue and tax receivables of the City are subject to measurement uncertainty as a number of significant appeals submitted by ratepayers have yet to be heard.

The City has established an allowance for tax appeals and other items in the amount of $3,169,200 (2024 - $2,210,000). Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined.

4. Deferred revenue – obligatory reserve funds:

The balances in the deferred revenue of the City consist of:

	2025	2024
Canadian Community-Building Fund (Federal Gas Tax)	$ 1,641,194	$ 1,203,681
Other programs	469	454
Parkland	451,555	379,678
Building permits Bill 124	2,546,575	2,027,401
Provincial Gas Tax	30,123	28,787
Ontario Community Infrastructure Fund	3,402,396	2,761,529
Northern Ontario Resource Development Support Fund	–	6,751
Housing Accelerator	2,076,708	2,156,253
Building Faster Fund	17,025	427,421
Housing-Enabling Water Systems Fund	46,744	–
	$ 10,212,789	$ 8,991,955

Continuity of deferred revenue is as follows:

	2025	2024
Balance, beginning of year:		
Canadian Community-Building Fund (Federal Gas Tax)	$ 1,203,681	$ 3,438,126
Other programs	454	454
Parkland	379,678	586,733
Building permits Bill 124	2,027,401	1,957,443
Provincial Gas Tax	28,787	26,434
Ontario Community Infrastructure Fund	2,761,529	1,637,504
Northern Ontario Resource Development Support Fund	6,751	20,552
Housing Accelerator	2,156,253	–
Building Faster Fund	427,421	–
	8,991,955	7,667,246
Contributions received	14,222,045	12,966,246
Interest earned	493,206	422,347
Total revenue	14,715,251	13,388,593
Contributions taken into revenue	(13,494,417)	(12,063,884)
Balance, end of year	$ 10,212,789	$ 8,991,955

5. Net long-term liabilities – The Corporation of the City of Sault Ste. Marie:

	2025	2024
Net long-term liabilities incurred by:		
The Corporation of the City of Sault Ste. Marie	$ 12,685,298	$ 13,434,739

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

The long-term obligations issued in the name of the City have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law.

The above long-term debt was approved through Ontario Infrastructure and Lands Corporation for the twin pad. The loan was approved on May 15, 2023, at an interest rate of 4.36% over 15 years, resulting in a semi-annual draw of $663,557, which includes both principal and interest payments.

Interest paid on long-term debt in the year and included in current expenditures was $577,674 (2024 - $609,311).

Principal repayments recoverable over the next five years are as follows:

2026	$ 782,473
2027	816,960
2028	852,968
2029	890,563
2030	929,815

6. Net long-term liabilities – Public Utilities Commission of the City of Sault Ste. Marie:

	2025	2024
Net long-term liabilities incurred by:		
Public Utilities Commission of the City of Sault Ste. Marie:		
(i) Line of credit facility	$ 3,802,219	$ 4,025,000
(ii) Term loan	154,496	991,442
	$ 3,956,715	$ 5,016,442

(i) Public Utilities Commission of the City of Sault Ste. Marie has an authorized line of credit facility available in the amount of $6,200,000. The credit facility bears interest at prime plus 0.5% and is secured by a general security agreement. At December 31, 2025, $3,802,219 (2024 - $4,025,000), was drawn or outstanding under the facility.

(ii) The term loan is non-revolving, repayable in blended monthly principal and interest payments of $77,600 at 3.11% and matures in February 2026.

The City guarantees payment to the lender of all present and future debts and liabilities, including interest due at any time by the Commission to the lender. Under the guarantee, the City shall be limited to the sum of $8,000,000 together with interest from the date of demand for repayment.

Principal repayments recoverable are as follows:

2026	$ 154,496

7. Net long-term liabilities – Sault Ste. Marie Public Library:

	2025	2024
Net long-term liabilities incurred by:		
Sault Ste. Marie Public Library	$ 2,045,075	$ 2,174,348

The Sault Ste. Marie Public Library has entered into a 20-year lease with extension options for a branch location. Capital lease repayments are due as follows:

2026	$ 219,062
2027	223,443
2028	227,912
2029	148,159
2030	123,018
2031 - 2044	1,882,045
Total minimum lease payments	2,823,639
Less amount representing interest at 4%	(778,564)
Present value of net minimum capital lease payments	$ 2,045,075

The current minimum monthly lease payments increase up to 2% per year during the first 10 years of the lease and are currently $17,418 plus harmonized sales tax. During the final 10 years of the original lease term minimum monthly lease payments reset at $10,100 plus harmonized sales tax increasing annually up to 2% per year thereafter. The lease expires in March 2044 after one 5-year renewal period with options for two additional 5-year extensions.

8. Investment in government business enterprises:

PUC Inc. is incorporated under the laws of the Province of Ontario and provides municipal electrical distribution and other services to the residents of Sault Ste. Marie as well as other communities in Northern Ontario. The City owns 100% of the outstanding shares of PUC Inc. PUC Services Inc. is incorporated under the laws of the Province of Ontario and provides management, operations and maintenance services related to water, wastewater and electrical services to its related entities and other organizations. The City owns 100% of the outstanding shares of PUC Services Inc.

8. Investment in government business enterprises (continued):

The following schedule reflects the combined financial information of PUC Inc. and PUC Services Inc. as at December 31:

Financial Position:

	2025	2024
Current assets	$ 57,327,069	$ 50,761,108
Notes receivable	43,256,224	12,677,926
Deferred taxes	8,004,000	5,986,000
Capital assets	179,097,453	177,419,496
Goodwill	3,596,271	3,596,271
Regulatory assets (liabilities)	(127,505)	1,110,610
Total assets	$ 291,153,512	$ 251,551,411
Current liabilities	$ 44,539,077	$ 47,595,281
Deferred revenue	9,763,863	9,857,662
Deferred tax liability	5,883,000	4,400,000
Employee future benefit obligation	1,132,832	1,101,216
Long-term debt	1,156,842	2,038,174
Deferred revenue	143,878,670	105,269,602
Lease liabilities	259,616	350,611
Regulatory liabilities	16,484,060	14,485,847
Total liabilities	223,097,960	185,098,393
Shareholders equity	73,362,844	66,453,018
Total liabilities and equity	$ 296,460,804	$ 251,551,411

Results of operations:

	2025	2024
Revenues	$ 153,980,343	$ 142,949,931
Expenses	(144,731,191)	(137,193,048)
Provision for payment in lieu of taxes	(1,456,743)	(325,602)
Other comprehensive income	27,497	424,186
Net income for the year	$ 7,819,906	$ 5,855,467

8. Investment in government business enterprises (continued):

The City's investment in government business enterprises is comprised of:

	2025	2024
Common shares	$ 15,668,248	$ 15,668,248
Special shares	15,513,300	15,513,300
Accumulated other comprehensive income	1,381,747	1,354,250
Retained earnings	40,799,549	33,917,220
Equity, end of year	73,362,844	66,453,018
Notes receivable	31,720,000	31,720,000
Investment in government business enterprises	$ 105,082,844	$ 98,173,018

The notes receivable include an unsecured note for $6,720,000 bearing interest at 6.1% per annum, payable one year after demand and an unsecured note for $25,000,000 bearing interest at rates negotiated periodically, currently 6.1%, payable one year after demand.

Related Party Transactions:

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

(i) At December 31, 2025, the City has the following amounts included in the consolidated statement of financial position:

A receivable of $4,642,809 (2024 - $10,995,137) for sewer surcharges, interest and dividends.

A payable of $975,834 (2024 - $3,576,884) for street lighting and various electricity and water invoices.

(ii) Revenues included in the Consolidated Statement of Operations and Accumulated Surplus of the City are:

	2025	2024
Interest on note receivable	$ 1,934,937	$ 1,934,920
Other interest	256,673	497,273
Dividends	910,080	610,080
Property taxes	345,736	341,623
	$ 3,447,426	$ 3,383,896

8. Investment in government business enterprises (continued):

Related Party Transactions (continued):

(iii) Expenses included in the Consolidated Statement of Operations and Accumulated Surplus of the City are:

	2025	2024
Management fees charged	$ 7,939,565	$ 7,680,314
Electricity and electricity services	4,153,236	4,180,879
Water and wastewater services	5,295,202	4,671,866
Electricity charged for streetlights	626,415	642,810
Streetlight maintenance	533,702	344,258
Sewer administration charge	453,505	402,932
	$ 19,001,625	$ 17,923,059

Transactions with related parties are in the normal course of operations and are recorded at the exchange amount, which is the amount agreed to by the related parties. It is management's opinion that the exchange amount represents fair market value for these services.

9. Budget information:

The Budget By-law adopted by Council for the 2025 year was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of reserves to reduce current year expenses in excess of current year revenues to $Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the Consolidated statements of operations and accumulated surplus and change in net financial assets represent the financial plan adopted by Council with adjustments as follows:

	2025
Adopted budget by-law for the year	$ –
Adjustments to adopted budget:	
Debt principal repayments	874,596
Investment in tangible capital assets	56,547,201
Amortization of tangible capital assets	(27,441,593)
Net transfer to/from reserves and other	2,807,740
Budget surplus per consolidated statement of operations and accumulated surplus	$ 32,787,944

10. Pension agreements:

The City makes contributions to OMERS which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. This 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.

OMERS provides pension services to almost half a million active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2025. The results of this valuation disclosed total actuarial liabilities of $151,365 million (2024 - $142,489 million) in respect of benefits accrued for service with actuarial assets at that date of $149,575 (2024 - $139,576 million) indicating a going concern actuarial deficit of $1,322 million (2024 - $2,913 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the City does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2025 was $8,153,415 (2024 - $7,890,191) and is included as an expense on the consolidated statement of operations and accumulated surplus.

11. Operations of school boards:

During 2025, the City collected and transferred property taxes totaling $18,702,242 (2024 - $18,615,730) on behalf of area school boards.

12. Trust funds:

The trust funds administered by the City amounting to $10,546,626 (2024 - $10,218,501) are presented in a separate financial statement of trust fund balances and operations. Balances are held in trust by the City for the benefit of others, and as such they are not presented as part of the City's financial position or financial activities. At December 31, 2025, the trust fund balances are comprised of:

	2025	2024
Cemetery Care and Maintenance funds	$ 7,116,700	$ 6,935,958
Pre-need assurance	3,177,129	3,055,967
Transit employees' pension	94,712	91,643
Historic Sites	107,799	86,574
Heritage Sault Ste. Marie	34,705	33,635
Ontario Home Renewal Program	(2,803)	(2,803)
Cultural Endowment	18,384	17,527
	$ 10,546,626	$ 10,218,501

13. Contingent liabilities:

The City has been named in litigation matters, the outcome of which is not determinable and accordingly, no provision has been made for them in these consolidated financial statements. Should any loss result from these claims, such loss would be charged to operations in the year of resolution.

14. Employee future benefit obligations:

Employee future benefits are liabilities of the City to its employees and early retirees earned but not taken as at December 31, 2025 are as follows:

	2025	2024
Future payments required to WSIB	$ 14,304,284	$ 12,441,218
Post-employment and post-retirement benefits	13,057,186	14,024,962
Vacation pay	10,438,061	10,360,570
Non-vesting sick leave benefits	2,776,644	2,659,748
Employee future benefit obligations	$ 40,576,175	$ 39,486,498

(a) Post employment and post retirement benefits

The City provides non-pension benefits to employees and retirees until they reach 65 years of age. The values that follow have been estimated based upon employee data available during the actuarial review which was completed as at December 31, 2025.

The benefit liability continuity is as follows:

	2025	2024
Accrued benefit liability, January 1	$ 14,024,962	$ 14,610,762
Expense	488,300	528,800
Payments	(1,456,076)	(1,114,600)
Accrued benefit liability, December 31	$ 13,057,186	$ 14,024,962

Significant assumptions:

Discount rate	4.50%
Health cost increase	4.00% - 5.50%

14. Employee future benefit obligations (continued):

(b) Non-vesting sick leave benefits:

Sick leave benefits accrue to City employees at a rate of one and a half days per month. Unused sick days are banked and may be used in the future if sick leave is beyond yearly allocation. No cash payments are made for unused sick time upon termination or retirement.

(c) Accrued vacation pay:

Accrued vacation pay represents the liability for vacation entitlements earned by employees but not taken as at December 31, 2025.

(d) Future payments required to WSIB:

Under the provisions of the Workplace Safety and Insurance Board Act, the City has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required, to fund current disability payments. An actuarial estimate of future liabilities has been completed and forms the basis for the estimated liability.

15. Asset retirement obligation:

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

(a) Landfill closure:

The Environmental Protection Act sets out the 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. This requirement is to be provided for over the estimated life of the landfill site based on usage.

Landfill closure and post-closure care 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 City owns and operates one primary landfill site, the 5th Line Landfill. The liability for the closure of operational sites and post-closure care has been recognized under PS 3280 Asset Retirement Obligation. The reported liability is based on estimates and assumptions with respect to events extending over a sixty-year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The site has capacity of approximately 3,000,000 metric tons with approximately 186,000 metric tons of remaining capacity. At current average fill rates, the site has a remaining operating life of approximately 3.1 years.

15. Asset retirement obligation (continued):

(a) Landfill closure (continued):

Post-closure care for the landfill sites is estimated to be required for 25 years from the date of site closure. These costs were discounted to December 31, 2025 using a discount rate of 3.0% per annum.

(b) Asbestos removal obligations:

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 these items. The City recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at January 1, 2022. 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	$ 37,756,396	$ 8,750,560	$ 46,506,956
Accretion expense	647,003	181,719	828,722
Closing balance	$ 38,403,399	$ 8,932,279	$ 47,335,678

Asset Retirement Obligation	Landfill closure	Asbestos removal	Balance at December 31, 2024
Opening balance	$ 35,515,969	$ 8,564,287	$ 44,080,256
Accretion expense	2,240,427	186,273	2,426,700
Closing balance	$ 37,756,396	$ 8,750,560	$ 46,506,956

Obligations related to landfill closure will be funded from future taxation revenues. The City has established a reserve to contribute to the cost of closing and maintaining the landfill site of $15,465,684 (2024 - $13,858,802).

THE CORPORATION OF THE CITY OF SAULT STE. MARIE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

16. Tangible capital assets:

2025	Land	Landfill and Land Improvements	Buildings and Building Improvements	Infrastructure	Machinery and Equipment	Vehicles	Assets under Capital Lease	Assets under Construction	Total
Cost									
Balance, beginning of the year	$ 29,066,907	$ 31,693,571	$ 156,503,589	$ 725,209,944	$ 43,332,425	$ 56,423,665	$ 2,933,127	$ 51,063,831	$ 1,096,227,059
Additions	1,294,809	6,053,667	1,028,847	29,729,257	5,379,755	5,218,725	-	22,565,161	71,270,221
Disposals	(55,034)	-	-	(8,320,249)	(758,147)	(1,857,811)	-	(12,142,261)	(23,133,502)
Balance, end of year	30,306,682	37,747,238	157,532,436	746,618,952	47,954,033	59,784,579	2,933,127	61,486,731	1,144,363,778
Accumulated Amortization									
Balance, beginning of the year	-	(21,496,808)	(60,048,506)	(301,132,116)	(24,212,271)	(30,077,782)	(675,893)	-	(437,643,376)
Disposals/ transfers	-	-	-	8,311,931	756,621	1,724,003	-	-	10,792,555
Amortization expense	-	(2,214,106)	(3,034,357)	(15,508,727)	(2,783,586)	(3,943,699)	(117,259)	-	(27,601,734)
Balance, end of year	-	(23,710,914)	(63,082,863)	(308,328,912)	(26,239,236)	(32,297,478)	(793,152)	-	(454,452,555)
Net book value, end of year	$ 30,306,682	$ 14,036,324	$ 94,449,573	$ 438,290,040	$ 21,714,797	$ 27,487,101	$ 2,139,975	$ 61,486,731	$ 689,911,223
Net book value, beginning of year	$ 29,066,907	$ 10,196,763	$ 96,455,083	$ 424,077,828	$ 19,120,154	$ 26,345,883	$ 2,257,234	$ 51,063,831	$ 658,583,683

16. Tangible capital assets:

									2024
	Land	Landfill and Land Improvements	Buildings and Building Improvements	Infrastructure	Machinery and Equipment	Vehicles	Assets under Capital Lease	Assets under Construction	Total
Cost									
Balance, beginning of the year	$ 29,061,202	$ 25,650,189	$ 151,448,602	$ 701,424,469	$ 39,830,091	$ 50,693,282	$ 2,939,891	$ 53,531,558	$ 1,054,579,284
Additions	10,116	6,043,382	5,054,987	23,785,475	3,879,136	7,602,202	-	12,632,440	59,007,738
Disposals	(4,411)	-	-	-	(376,802)	(1,871,819)	(6,764)	(15,100,167)	(17,359,963)
Balance, end of year	29,066,907	31,693,571	156,503,589	725,209,944	43,332,425	56,423,665	2,933,127	51,063,831	1,096,227,059
Accumulated Amortization									
Balance, beginning of the year	-	(20,356,553)	(56,839,060)	(285,620,781)	(22,033,803)	(27,939,537)	(558,578)	-	(413,348,312)
Disposals/ transfers	-	-	-	-	375,975	1,813,659	-	-	2,189,634
Amortization expense	-	(1,140,255)	(3,209,446)	(15,511,335)	(2,554,443)	(3,951,904)	(117,315)	-	(26,484,698)
Balance, end of year	-	(21,496,808)	(60,048,506)	(301,132,116)	(24,212,271)	(30,077,782)	(675,893)	-	(437,643,376)
Net book value, end of year	$ 29,066,907	$ 10,196,763	$ 96,455,083	$ 424,077,828	$ 19,120,154	$ 26,345,883	$ 2,257,234	$ 51,063,831	$ 658,583,683
Net book value, beginning of year	$ 29,061,202	$ 5,293,636	$ 94,609,542	$ 415,803,688	$ 17,796,288	$ 22,753,745	$ 2,381,313	$ 53,531,558	$ 641,230,972

16. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of $61,486,731 (2024 - $51,063,831) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Developer contributions:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year was $176,713 (2024 - $105,729) comprised of water infrastructure, land and roads infrastructure.

17. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2025	2024
Surplus:		
Invested in tangible capital assets	$ 689,911,223	$ 658,583,683
Invested in government business enterprises	105,082,844	98,173,018
Operating fund	12,802,614	18,875,282
Unfunded		
Net long-term liabilities	(14,884,869)	(16,600,529)
Asset retirement obligations	(47,335,678)	(46,506,956)
Employee benefits	(40,576,175)	(39,486,498)
Total surplus	704,999,959	673,038,000
Reserves set aside for specific purpose by Council:		
Acquisition of tangible capital assets	5,070,465	4,002,172
Planning and development	486,750	406,750
Other programs	49,032,724	44,859,422
Waste disposal site	15,465,684	13,858,802
Total reserves	70,055,623	63,127,146
Reserve funds set aside for specific purpose by Council:		
Seniors Advisory Council	112,946	112,946
Cemetery development	943,578	745,755
Industrial land	1,992,412	953,830
Property purchases	1,234,096	1,097,791
Hospital development	195,497	151,289
Sanitary capital	35,472,229	30,122,214
Total reserve funds	39,950,758	33,183,825
	$ 815,006,340	$ 769,348,971

18. Government grants:

The City recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The transfers reported on the consolidated statement of operations and accumulated surplus are:

	2025	2024
Provincial grants	$ 42,088,099	$ 29,086,055
Federal grants	7,118,373	8,422,817
Other grants	1,000	97,080
Total	$ 49,207,472	$ 37,605,952

19. Subsequent events:

During 2025, the City approved the dissolution of the Board of Management of Queenstown, The Sault Ste. Marie Central Business District Improvement Area (operating as “The Downtown Association”) through the enactment of By-Law 2025-138 repealing the Downtown Business Improvement Area effective at the end of the day December 31, 2025. Following the dissolution, the operations, assets and liabilities of The Downtown Association have been integrated into the City and The Downtown Association ceased to exist as a separate board.

As the transfer occurred after year end, the financial statements do not reflect the impact of this transaction. The transfer of net assets amounted to $86,085 less $66,594 of cash amounts owing from the City to The Downtown Association at December 31, 2025.

20. Segmented information:

The City is a diversified municipal government institution that provides a wide range of services to its citizens. City services are provided by departments and certain departments have been separately disclosed in the segmented information, along with the services they provide. These departments are:

(a) General Government:

General Government is comprised of City Council, the Mayor’s Office, and the Chief Administrators’ Office (CAO).

The Chief Administrators’ Office is charged with the responsibility of coordinating the work of all municipal departments and ensuring that those departments carry out the policies and directions given by City Council.

20. Segmented information (continued):

(b) Corporate Services:

Corporate Services is comprised of the Clerks Department, Human Resources Department, the Finance Department and the Information Technology Department. Each of these departments provides program support to various other areas.

The Clerks Department's primary task is to function as the corporate secretary to City Council, ensuring that all Council Agendas, Minutes of proceedings, resolutions, decisions, voting, records, and accounts are recorded, documented and certified.

The Human Resources Department is charged with negotiation and administration of all collective agreements as well as all facets of employment and employee benefits.

The Finance Department is responsible for the City's general financial management and budget preparation. The department is comprised of financial administration, accounting, tax and licensing, and purchasing activities.

(c) Legal Services:

The Legal Department is responsible for the preparation of by-laws, deeds, leases, agreements and other legal documents, as well as property management for the City in regard to purchases, sales, leasing, easements and related agreements. Prosecutions and administration of Provincial Offences Act is also part of their responsibility.

(d) Fire Services:

Fire Services is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. It is also responsible, through its Emergency Medical Services, for pre-hospital emergency paramedical care and the transport of the sick and injured.

(e) Public Works and Engineering:

The Public Works Department is responsible for maintenance of municipal infrastructure, such as streets, sewers, and parks. The department provides solid waste management through refuse collection, recycling programs, and sanitary landfill management. The department is also responsible for traffic control, including signage, signals and pavement markings.

The Engineering Department is comprised of Building Services and Engineering and Construction. Building Services provides maintenance, janitorial services and security for the Civic Centre and Ontario Works. The Engineering and Construction Division provides services associated with engineering design, construction, technical services, and special project initiatives.

20. Segmented information (continued):

(f) Community Development and Enterprise Services:

The Community Services Department provides public services for Cemeteries & Crematorium, Central Administration, Community Centres, Recreation and Culture, Transit, and Parking. The Tourism and Community Development Department is responsible for tourism sector development and advancing the Future SSM community development strategy. The Economic Development Department is responsible for business support, attraction, and entrepreneur services. The Planning & Enterprise Services Department facilitates economic development by providing services for the approval of all land development plans and the application of enforcement of zoning by-laws.

(g) Outside Agencies:

These agencies are approved by Council through grant agreements or Memorandums of Agreement. This segment includes grants to the Art Gallery of Algoma, Sault Ste. Marie Museum, Canadian Bushplane Heritage Museum, Algoma University, Pee Wee Arena, and Sault Ste. Marie Innovation Centre. The Sault Ste. Marie Police Service and Sault Ste. Marie Public Library report to City Council through their Boards.

(h) Levy Boards:

These Boards provide the City amounts to be collected on their behalf. Levy Boards include Algoma Public Health, the Sault Ste. Marie Region Conservation Authority, and the Sault Ste. Marie District Social Services Administration Board (DSSAB).

For each reported segment, revenues and expenses include both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

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

20. Segmented information (continued):

	General Government	Corporate Services	Legal Services	Fire Services	Public Works and Engineering	Community Development and Enterprise Services	Outside Agencies	Levy Boards	Government Business Enterprises	Total
										2025
Revenue:										
Taxation	4,657,781	12,966,353	2,789,638	14,996,789	37,224,659	19,168,021	36,928,908	25,380,215	-	154,112,364
Fees and user charges	-	163,219	1,507,433	1,069,465	52,789,445	13,485,940	950,118	-	-	69,965,620
Government grants	669,079	1,985,997	475,231	1,845,996	28,460,881	6,754,512	9,015,776	-	-	49,207,472
Interest income	8,710,727	-	58,139	-	980,842	(134,103)	-	-	-	9,615,605
Gain on disposal of tangible capital assets	69,428	-	-	-	-	-	-	-	-	69,428
Other	5,439,795	163,048	-	12,608	1,290,078	1,328,274	675,760	-	-	8,909,563
Net income of government business enterprise	-	-	-	-	-	-	-	-	7,819,906	7,819,906
	19,546,810	15,278,617	4,830,441	17,924,858	120,745,905	40,602,644	47,570,562	25,380,215	7,819,906	299,699,958
Expenses:										
Salaries, wages and employee benefits	1,192,626	7,433,754	1,790,790	16,160,832	30,119,779	22,711,393	40,149,355	-	-	119,558,529
Materials	2,058,616	567,524	79,797	1,207,165	25,912,611	10,612,324	3,361,413	-	-	43,799,450
Contracted services	167,445	2,394,003	241,849	255,559	12,641,383	4,277,642	3,248,523	-	-	23,226,404
Rents and financial	1,224,181	5,014,962	71,222	5,850	21,431	589,311	220,286	-	-	7,147,243
Grants to others	46,023	675	-	-	-	235,347	1,464,124	25,380,215	-	27,126,384
Loss on disposal of tangible capital assets	4,754,123	-	-	-	-	-	-	-	-	4,754,123
Amortization of tangible capital assets	91,774	69,077	-	578,155	22,590,039	2,653,861	1,618,828	-	-	27,601,734
	9,534,788	15,479,995	2,183,658	18,207,561	91,285,243	41,079,878	50,062,529	25,380,215	-	253,213,867
Accretion expense	6,896	-	-	16,800	723,741	54,829	26,456	-	-	828,722
Annual surplus (deficit)	10,005,126	(201,378)	2,646,783	(299,503)	28,736,921	(532,063)	(2,518,423)	-	7,819,906	45,657,369

20. Segmented information (continued):

	General Government	Corporate Services	Legal Services	Fire Services	Public Works and Engineering	Community Development and Enterprise Services	Outside Agencies	Levy Boards	Government Business Enterprises	Total
										2024
Revenue:										
Taxation	$ 2,424,108	$ 10,674,897	$ 2,372,821	$ 14,934,444	$ 38,639,452	$ 18,456,155	$36,811,400	$ 24,669,233	$ -	$ 148,982,510
Fees and user charges	-	149,090	1,611,214	1,052,875	48,055,115	12,308,809	607,914	-	-	63,785,017
Government grants	827,047	1,951,960	404,392	1,615,436	18,092,383	6,321,558	8,393,176	-	-	37,605,952
Interest income	9,508,379	-	31,524	-	1,495,173	903	-	-	-	11,035,979
Gain on disposal of tangible capital assets	172,119	-	-	-	-	-	-	-	-	172,119
Other	2,371,300	184,825	-	54,269	1,172,467	1,547,130	1,213,428	-	-	6,543,419
Net income of government business enterprise	-	-	-	-	-	-	-	-	5,855,467	5,855,467
	15,302,953	12,960,772	4,419,951	17,657,024	107,454,590	38,634,555	47,025,918	24,669,233	5,855,467	273,980,463
Expenses:										
Salaries, wages and employee benefits	1,265,278	7,011,936	1,722,322	15,661,261	29,999,935	21,416,490	38,331,409	-	-	115,408,631
Materials	1,293,829	618,070	77,898	1,229,315	23,895,748	10,622,085	6,583,845	-	-	44,320,790
Contracted services	85,807	2,482,078	213,107	261,613	11,790,422	3,694,107	2,703,084	-	-	21,230,218
Rents and financial	1,353,760	2,889,611	71,079	6,044	15,421	570,360	158,674	-	-	5,064,949
Grants to others	58,893	509	-	-	-	102,288	1,582,004	24,669,233	-	26,412,927
Amortization of tangible capital assets	53,645	159,949	-	592,100	21,222,920	2,684,194	1,771,890	-	-	26,484,698
	4,111,212	13,162,153	2,084,406	17,750,333	86,924,446	39,089,524	51,130,906	24,669,233	-	238,922,213
Accretion expense	7,069	-	-	17,221	2,319,087	56,203	27,120	-	-	2,426,700
Annual surplus (deficit)	$ 11,184,672	$ (201,381)	$ 2,335,545	$ (110,530)	$ 18,211,057	$ (511,172)	$ (4,132,108)	$ -	$ 5,855,467	$ 32,631,550