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MANAGEMENT'S RESPONSIBILITY

To the Members of Council, Citizens and Ratepayers of The Corporation of the City of Kenora:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council is composed entirely of individuals who are neither management nor employees of the City. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfils these responsibilities by reviewing the financial statements prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the City's external auditors.

MNP LLP is appointed by the Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.

Ryan Marsh, Director of Finance/Treasurer

To the Members of Council, Citizens and Ratepayers of Corporation of the City of Kenora:

Opinion

We have audited the consolidated financial statements of Corporation of the City of Kenora and its subsidiaries (the "City"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the City as a basis for forming an opinion on the consolidated 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.

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

MNP LLP

Thunder Bay, Ontario | Chartered Professional Accountants

July 14, 2026 | Licensed Public Accountants

MNP

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2025

	2025	2024
Financial Assets		
Cash (Note 1)	$ 25,019,731	$ 28,208,895
Investments (Note 2)	25,979,933	20,647,601
Property taxes receivable (Note 3)	2,779,166	2,404,904
Trade and other receivables (Note 4)	10,832,915	7,388,442
Inventories held for resale	74,245	77,990
Citizens' Prosperity Trust Fund investments (Note 5)	48,396,985	44,915,984
Long term investment (Note 6)	8,000,000	8,500,000
	121,082,975	112,143,816
Liabilities		
Accounts payable and accrued liabilities	11,495,076	9,292,217
Property tax prepayments (Note 3)	2,096,988	1,897,841
Deferred revenue (Note 8)	8,321,839	10,280,042
Long term debt (Note 9)	6,901,586	7,762,104
Employee future benefits payable (Note 17, 18)	2,692,045	2,625,845
Asset retirement obligations (Note 21)	1,863,936	1,806,206
	33,371,470	33,664,255
NET FINANCIAL ASSETS	87,711,505	78,479,561
CONTINGENT LIABILITIES (Note 19)		
Non Financial Assets		
Tangible capital assets (Note 11)	207,817,074	196,386,787
Inventories of consumables and prepaids	2,155,133	2,089,905
	209,972,207	198,476,692
ACCUMULATED SURPLUS	$ 297,683,712	$ 276,956,253
Accumulated surplus is comprised of:		
Accumulated operating surplus (Note 10)	298,346,008	276,956,253
Accumulated remeasurement losses	(662,296)	-
	$ 297,683,712	$ 276,956,253

See Accompanying Notes

Mayor

Director of Finance/Treasurer

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the year ended 31 December 2025

	2025 Budget (Note 14)	**2025 Actual**	**2024 Actual**
Revenues			
Taxation	$ 33,852,720	**$ 33,835,023**	**$ 31,124,716**
Fees and user charges	20,749,880	**21,692,038**	**19,412,570**
Canada grants (Note 20)	1,385,214	**4,760,082**	**933,312**
Ontario grants (Note 20)	7,053,359	**12,564,673**	**7,272,271**
Other (Note 12)	8,542,354	**14,083,363**	**6,777,678**
	71,583,527	**86,935,179**	**65,520,547**
Expenses			
General government	5,323,616	**6,478,017**	**5,588,105**
Protection services	12,011,522	**12,723,051**	**11,152,756**
Transportation services	14,189,015	**12,331,774**	**12,157,391**
Environmental services	14,212,992	**14,553,244**	**13,847,668**
Health services	3,111,173	**2,991,102**	**2,774,978**
Social and family services	4,183,243	**4,183,243**	**4,147,645**
Recreation and cultural services	8,962,522	**8,782,546**	**8,496,708**
Planning and development	2,855,150	**3,502,447**	**4,000,553**
	64,849,233	**65,545,424**	**62,165,804**
Annual operating surplus	6,734,294	**21,389,755**	**3,354,743**
Accumulated operating surplus, beginning of year	276,956,253	**276,956,253**	**273,601,510**
Accumulated operating surplus, end of year	$ 283,690,547	**$ 298,346,008**	**$ 276,956,253**

See Accompanying Notes

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
For the year ended 31 December 2025

	2025	2024
Accumulated remeasurement gains and losses, beginning of year	**$ -**	**$ -**
Unrealized gains (losses) attributable to:		**-**
ONE Investments Kenora General	**(183,001)**	**-**
ONE Investments Citizen's Prosperity Trust	**(549,574)**	**-**
Manulife Financial Citizen's Prosperity	**70,279**	**-**
Net remeasurement losses for the year	**(662,296)**	**-**
Accumulated remeasurement losses, end of year	**(662,296)**	**-**

See Accompanying Notes

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the year ended 31 December 2025

	2025 Budget (Note 14)	2025 Actual	2024 Actual
Annual surplus	$ 6,734,294	**$ 21,389,755**	**$ 3,354,743**
Acquisition of tangible capital assets	(11,422,300)	**(20,892,872)**	**(10,942,796)**
Amortization of tangible capital assets	9,236,405	**9,236,403**	**9,058,727**
Loss on sale of tangible capital assets	-	**166,242**	**243,300**
Proceeds on sale of tangible capital assets	-	**59,940**	**57,495**
	4,548,399	**9,959,468**	**1,771,469**
Acquisition of prepaid expenses and inventories of consumables	(3,072,645)	**(3,072,645)**	**(3,864,932)**
Net use/consumption of inventories of consumables and prepaids	3,007,417	**3,007,417**	**3,331,493**
Accumulated remeasurement losses	(662,296)	**(662,296)**	**-**
	(727,524)	**(727,524)**	**(533,439)**
Net change in net financial assets	3,820,875	**9,231,944**	**1,238,030**
Net financial assets, beginning of year	78,479,561	**78,479,561**	**77,241,531**
Net financial assets, end of year	$ 82,300,436	**$ 87,711,505**	**$ 78,479,561**

See Accompanying Notes

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2025

	2025	2024
Operating transactions		
Annual surplus	$ 21,389,755	$ 3,354,743
Items not involving cash		
Accretion of asset retirement obligation, net of disposals	57,730	75,559
Amortization	9,236,403	9,058,727
Loss on disposal of tangible capital assets	166,242	243,300
Increase in employee future benefits payable	66,200	26,213
	30,916,330	12,758,542
Change in non-cash working capital balances		
Property taxes receivable	(374,262)	(269,827)
Trade and other receivables	(3,444,473)	1,136,316
Inventories	(61,483)	(522,187)
Accounts payable and accrued liabilities	2,202,859	1,095,252
Property tax prepayments	199,147	90,185
Deferred revenue	(1,958,203)	2,387,642
	27,479,915	16,675,923
Capital transactions		
Acquisition of tangible capital assets	(20,892,872)	(10,942,796)
Proceeds on sale of tangible capital assets	59,940	57,495
	(20,832,932)	(10,885,301)
Investing transactions		
Long term investment - note receivable	500,000	500,000
Net cost increase of investments	(5,515,333)	(721,654)
Net cost increase in Citizens' Prosperity Trust Fund investments	(3,960,296)	(589,563)
	(8,975,629)	(811,217)
Financing transactions		
Principal repayments on long term debt	(860,518)	(843,312)
Net change in cash and equivalents	(3,189,164)	4,136,093
Cash, beginning of year	28,208,895	24,072,802
Cash, end of year	$ 25,019,731	$ 28,208,895

See Accompanying Notes

The consolidated financial statements of 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 of Chartered Professional Accountants Canada. The City provides municipal services such as fire, public works, planning, parks, recreation and other government services. Significant aspects of the accounting policies adopted by the City are as follows:

a) Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting. Under the accrual method of accounting, revenues are recognized in the period in which the transactions or events that give rise to the revenues occurred. 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.

b) Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the current fund, capital fund, reserves and reserve funds of all municipal organizations, committees and boards and internally restricted entities which are owned or controlled by the City. All interfund assets, liabilities, revenues and expenses have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by the City have been consolidated:

Kenora Public Library
Lake of the Woods Cemetery
Lake of the Woods Museum/Douglas Family Art Centre

The Provincial Offences Fund is a government partnership where the City has shared control over the board / entity. The City's pro-rata share of the assets, liabilities, revenues and expenses are reflected in the financial statements using the proportionate consolidation method. The City's proportionate interest of 69.40% (2024 - 69.40%) of the Provincial Offences Fund is reflected in the consolidated financial statements.

The financial activities of certain entities associated with the City are not consolidated. The City's contributions to these entities are recorded in the Consolidated Statement of Operations and Accumulated Surplus. The entities that are not consolidated are as follows:

Northwestern Health Unit
Kenora District Services Board
Kenora Handi Transit
District of Kenora Home for the Aged

c) 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 the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for doubtful accounts relating to property taxes receivable and trade and other receivables, useful lives of tangible capital assets, employee future benefit liabilities, contaminated sites, contingencies, timing and discount rate of asset retirement obligations, and other accrued liability amounts. These estimates and assumptions are based on the City’s best information and judgment and may differ significantly from actual results.

d) Financial Instruments

Financial instruments are recorded at either fair value, cost, or amortized cost at initial recognition. The City's financial instruments and measurement basis include:

- Cash includes cash on hand and bank deposits and is reported at fair value.
- Investments consist of equity and bond funds. Equity instruments are quoted in an active market and are reported at market value. Unrealized changes in market value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the consolidated statement of operations and accumulated surplus.
- The Citizens' Prosperity Trust Fund investments consist of equity, bond funds and a high interest savings account and are reported at market value. Unrealized changes in market value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the consolidated statement of operations and accumulated surplus.
- Property taxes receivable, trade and other receivables are measured at amortized cost less any allowance. Valuation allowances are made to reflect receivables at the lower of cost and net recoverable value when collectability and risk of loss exists. Changes in valuation allowances are recognized in the Statement of Operations and Accumulated Surplus. Interest is accrued to the extent it is deemed collectible.
- Accounts payable and accrued liabilities and long term debt are measured at cost or amortized cost.

All financial instruments are tested for impairment annually, or more frequently when changes in circumstances indicate the financial instrument could be impaired. When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations and Accumulated Surplus.

Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost. Transaction costs are expensed for financial instruments measured at market value.

e) Consolidated Statement of Remeasurement Gains and Losses

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement and unrealized foreign exchange gains (losses) are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in a City's net assets

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

f) Asset Retirement Obligation

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

The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate.

Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

g) Revenue Recognition

The City recognizes taxation revenue on an annual basis using total assessment values for the year and annually established tax rates set by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenues required to meeting operating budget requirements. Property assessment values are provided by the Municipal Property Assessment Corporation. The City is required by the Ontario Education Act to collect and remit education support levies established by the Province.

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. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Government transfers are recognized as revenue in the year in which events that give rise to the transfer occur, providing that the transfers are authorized, any eligibility criteria have been met, and the amounts can be reasonably estimated. Transfers consist of grants and subsidies received for various operating and capital programs. Deferred grant revenue arises when grants received are conditional upon eligible expenses being incurred and where amounts received in advance have not been fully expended on eligible expenses. 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.

User charges and fees are recognized as revenue in the period in which services are provided and there is reasonable assurance of collection. Amounts collected for which the related services have yet to be performed are recognized as a liability and recognized as revenue when the related services are performed.

Interest is recognized as it is earned. Interest earned on deferred revenue is added to the fund balance and forms part of the deferred revenue balance. Investment income earned on reserve funds is added to the fund balance and forms part of the reserve fund balance.

h) Inventories

Inventories are recorded at the lower of cost or net realizable value. Cost is determined on the average cost basis.

i) Collection of Taxes on Behalf of Other Taxation Authorities

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

j) Trust Funds

Trust funds administered by the City for the benefit of external parties are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

k) Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

l) Pension and Other Post-Employment Benefits

The City accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as an expense when contributions are due.

Standards issued by Chartered Professional Accountants Canada with respect to accounting for employee future benefits require the City to accrue for its obligations under other employee benefit plans and related costs, net of plan assets. The cost of other post-employment benefits offered to employees are actuarially determined using the projected benefit method, prorated on service and based on management's best estimate assumptions. Under this method, the projected post-retirement benefit is deemed to be earned on pro-rata basis over the years of service in the attribution period commencing at date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

m) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital assets commencing once the asset is available for productive use as follows:

Site improvements	25 years
Buildings	10 to 125 years
Equipment	3 to 25 years
Fleet	7 to 25 years
Docks and wharfs	10 to 50 years
Roads and bridges	10 to 50 years
Water	15 to 75 years
Waste water	15 to 100 years
Other	5 to 75 years

Assets under construction are not amortized until the asset is available for use.

n) Non Financial Assets

The City’s capital assets and other non financial assets are accounted for as assets because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the City unless they are sold.

o) Net Financial Assets

The City’s financial statements are presented to highlight net financial assets as the measurement of financial position. The net financial assets of the City is determined by its financial assets less its liabilities. Net financial assets is comprised of two components, non-financial assets and accumulated surplus.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

1. CASH

	2025	2024
Unrestricted	$ 18,299,196	$ 18,892,659
Restricted	6,720,535	9,316,236
	$ 25,019,731	$ 28,208,895

The City has a revolving demand facility to a maximum of $5,000,000 by way of prime rate based loans bearing interest at prime less 0.75% and letters of credit bearing interest at 0.5% per annum. The prime rate was 4.45% at year-end. As at 31 December 2025, $ nil (2024 - nil) was drawn under this facility. This facility is unsecured. Availability is subject to financial criteria and is at the discretion of the bank.

2. INVESTMENTS

	2025		2024	
	Cost	Market Value	Cost	Market Value
ONE Investment/ PH&N:				
Canadian Bond Fund	$ 11,008,766	$ 10,927,153	$ 2,254,306	$ 2,273,173
Canadian Equity Fund	6,218,300	6,487,156	2,576,208	3,566,819
Corporate Bond Fund	1,895,988	1,854,632	1,549,467	1,483,577
Global Bond Fund	-	-	7,760,397	6,969,954
Global Equity Fund	6,733,945	6,405,057	6,187,833	8,211,699
Other investments	305,935	305,935	319,390	328,641
	$ 26,162,934	$ 25,979,933	$ 20,647,601	$ 22,833,863

Investments are comprised of bond and equity funds. During the current year, the City disposed of all investments held with ONE Investment and reinvested with pooled funds managed by Phillips, Hager & North (PH&N). These investments are traded on an active market and shown at fair market value. In the prior year the ONE Investment funds were recorded at cost as they were not traded actively.

3. PROPERTY TAXES RECEIVABLE/PROPERTY TAX PREPAYMENTS

	2025	2024
Property taxes receivable	$ 4,229,529	$ 3,646,378
Less: Allowance for doubtful accounts	(1,450,363)	(1,241,474)
	2,779,166	2,404,904
Property tax prepayments	(2,096,988)	(1,897,841)
	$ 682,178	$ 507,063

4. TRADE AND OTHER RECEIVABLES

	2025	2024
Grant receivables	$ 5,014,676	$ 2,774,987
Utility receivables	1,784,507	1,540,327
HST rebate receivable	1,430,915	940,568
Trade/Sundry receivables	2,605,077	2,134,582
Less: Provision for doubtful accounts	(2,260)	(2,022)
	$ 10,832,915	$ 7,388,442

5. CITIZENS' PROSPERITY TRUST FUND INVESTMENTS

	2025		2024	
	Cost	**Market Value**	**Cost**	**Market Value**
Cash	**$ 112,507**	**$ 112,507**	**$ 166,230**	**$ 166,230**
ONE Investment/ PH&N:				
Canadian Bond Fund	**22,884,553**	**22,725,160**	**8,078,656**	**8,212,379**
Canadian Equity Fund	**11,925,435**	**12,174,242**	**3,322,591**	**4,410,441**
Corporate Bond Fund	**1,206,939**	**1,180,613**	**4,009,418**	**3,848,923**
Global Bond Fund	**-**	**-**	**20,419,352**	**18,243,309**
Global Equity Fund	**12,549,580**	**11,936,917**	**7,249,823**	**9,140,942**
Manulife Asset Management:				
Federal Bonds	**265,764**	**265,939**	**265,764**	**261,700**
Municipal Bonds	**150,624**	**154,658**	**150,624**	**153,073**
Provincial Bonds	**723,773**	**750,993**	**846,802**	**864,497**
Corporate Bonds	**477,350**	**494,101**	**700,411**	**706,190**
Other Bonds	**490,314**	**512,413**	**582,705**	**599,175**
ONE Joint Investment Board bonds	**-**	**-**	**229,000**	**226,941**
Outstanding transfers	**(1,910,559)**	**(1,910,558)**	**(1,105,392)**	**(1,105,392)**
	$ 48,876,280	**$ 48,396,985**	**$ 44,915,984**	**$ 45,728,408**

The proceeds from the sale of the Kenora Municipal Telephone System, KMTS Mobility and KMTS Net were transferred to the Citizens' Prosperity Trust Fund in 2008. The purpose of the Fund is to safeguard the principal while using the related investment income to eliminate the negative impacts resulting from the loss of the annual dividends from the telephone operations.

99% (2024-96%) of the investments are held by ONE Investment/ PH&N. Investments are comprised of bond and equity funds. During the current year, the City disposed of all investments held with ONE Investment and reinvested with pooled funds managed by Phillips, Hager & North (PH&N). These investments are traded on an active market and shown at fair market value. In the prior year the ONE Investment funds were recorded at cost as they were not traded actively. The remaining investments are managed by Manulife Asset Management and held with RBC Dexia. These investments are held in various government and bank bonds and debentures. Interest rates range from 1.0% to 4.407%. These investments mature between 2026 and 2028.

6. LONG TERM INVESTMENT

	2025	2024
Promissory note from Synergy North Corporation, receivable in annual principal instalments of $500,000 with monthly interest instalments at the TD Canada Trust prime rate (5.45% - 31 December 2024; 4.45% - 31 December 2025). Both principal and interest payments are subject to a Subordination and Postponement Agreement between the City and Synergy North wherein neither payment may be receivable based on certain criteria.	**$ 1,069,279**	**$ 1,569,279**
9,100 voting, participating common shares of Synergy North Corporation, representing 8.31% of common shares issued	**6,930,721**	**6,930,721**
	$ 8,000,000	**$ 8,500,000**

On 1 January 2019, Synergy North Corporation was formed under the Business Corporations Act (Ontario) by the amalgamation of Thunder Bay Hydro Electricity Distribution Inc. and Kenora Hydro Electric Corporation Ltd. At that date, 109,506 common shares were issued. This investment is accounted for as a portfolio investment and is recorded at cost.

7. FINANCIAL INSTRUMENTS

Financial Risk Management
The City, collectively through its consolidated entities and business and other partnerships has exposure to the following risks related to its financial instruments: credit risk, liquidity risk, and market risk. An analysis of these risks is provided below.

i. Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The City's credit risk is primarily attributable to its accounts receivable and property taxes

This risk is minimized by maintaining an allowance for doubtful accounts for potential credit losses. This allowance is based on management's estimates and assumptions regarding current market conditions, customer anaysis and historical payment trends.

These factors are considered when determining whether past due accounts are allowed for or written-off. Subsequent recoveries of receivables previously provisioned are credited to the Statement of Operations.

The City's maximum exposure to credit risk at the financial statement date is the carrying value of its accounts receivable as presented on the statement of financial position.

At year end, the amounts outstanding for the City's trade and other receivables are as follows:

		2025
Current	**$**	**8,635,284**
31 to 60 days		**308,090**
61 to 90 days		**291,695**
Over 90 days		**1,600,106**
Less: Provision for doubtful accounts		**(2,260)**
	$	**10,832,915**

At year end, the City's management has determined that accounts receivable are impaired as illistrated in the above table. Management's assessment was based on estimates and assumptions regarding current market conditions, customer analysis and historical payment trends.

The City holds property taxes receivable in the amount of $4,229,529 (2024 - $3,646,378) at year end. To alleviate the credit risk, the City has made provisions for doubtful accounts amounting to $1,450,363 (2024 - $1,241,474) for potential brownfields identified. The remainder of property taxes receivable are protected from risk through the registration of a tax arrears certificate under section 373 of the Municipal act.

There have not been any changes from the prior year in the City's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

7. FINANCIAL INSTRUMENTS - continued

ii. Liquidity Risk

Liquidity risk is the risk that the City will not be able to meet its obligations associated with financial liabilities. The City is exposed to liquidity risk on its accounts payable and accrued liabilities and long term debt. The City's manages the exposure to liquidity risk through budgeting, cashflow monitoring and forecasting ensuring sufficient funds required for normal operating requirements on an on-going basis. The contractual maturities of long term debt are disclosed in note 9.

There have not been any changes from the prior year in the City's exposure to liquidity risk or the policies, procedures or methods it uses to manage and measure risk.

iii. Market Risk

Market risk is the risk that changes in market prices, such as interest rates or equity prices, will affect the value of the City's financial instruments. The City is exposed to market risk primarily through its investments.

During the year, the City transitioned its investments to Phillips, Hager & North (PH&N), where funds are held in professionally managed pooled investment portfolios. These portfolios are diversified by asset class and issuer and are managed in accordance with the City's investment policy, which emphasizes preservation of capital, liquidity, and income generation while providing reasonable returns within acceptable risk parameters.

Market risk is managed through diversification, adherence to approved investment guidelines, and ongoing monitoring of portfolio performance by management. The City does not engage in speculative investment activities and does not use derivative instruments.

a. Currency Risk

Currency risk is the risk that future cash flows related to financial instruments will vary due to fluctuations in foreign exchange rates. The City has limited exposure to fluctuating values of foreign currency and only exposure is through USD accounts payable. At December 31, 2025, the City has no material currency exposure.

b. Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates. The City is exposed to interest rate risk on its interest-bearing investments.

The City is also exposed to interest rate risk on interest rates received on investments. The impact of fluctuations varies as the amount of investments change.

The City is subject to interest rate risk on long term debt but minimizes the risk by issuing long term fixed rate debenture debt and does not hold any variable rate debt.

c. Other Price Risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or currency risk. The City is exposed to price risk through its investments which include equity pooled funds. To mitigate this risk, the investment portfolio's are managed by Philips, Hager & North (PH&N) and Manulife and investments are made in accordance with an approved Investment Policy Statement. At December 31, 2025, a 10% movement in the markets with all other variables held consistent would have an estimated effect on the fair values of the City's investments of $2,616,000 and $4,887,000 on the City's Citizens' Prosperity Trust Fund investments.

7. FINANCIAL INSTRUMENTS - continued

The following table presents the carrying amounts of the City's financial instruments by measurement category. Financial instruments quoted in active markets or otherwise measured at fair value are presented in the fair value column. Financial assets and liabilities that are not measured at fair value are reported at amortized cost, which reflects the amount at which the instrument is initially recognized, adjusted for principal repayments, amortization and any impairment. The carrying amounts shown below represent the City's maximum exposure to credit risk.

	Fair Value	Amortized Cost	Total December 31, 2025	Fair Value	Amortized Cost	Total December 31, 2024
Financial assets						
Cash	$ 25,019,731	$ -	$ 25,019,731	$ 28,208,895	$ -	$ 28,208,895
Investments	25,979,933	-	25,979,933	-	20,647,601	20,647,601
Property taxes receivable	-	2,779,166	2,779,166	-	2,404,904	2,404,904
Trade and other receivables	-	10,832,915	10,832,915	-	7,388,442	7,388,442
Citizens' Prosperity Trust Fund investments	48,396,985	-	48,396,985	-	44,915,984	44,915,984
Long term investment	-	8,000,000	8,000,000	-	8,500,000	8,500,000
Financial liabilities						
Accounts payable and accrued liabilities	$ -	$ 11,495,076	$ 11,495,076	$ -	$ 9,292,217	$ 9,292,217
Long term debt	-	6,901,586	6,901,586	-	7,762,104	7,762,104

iv. Financial Risk Management

Fair Value Hierarchy

The Corporation of the City of Kenora measures certain financial instruments at fair value. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The City classifies fair value measurements using a fair value hierarchy in accordance with Public Sector Accounting Standards. The hierarchy prioritizes the inputs used in measuring fair value and is classified into the following three levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets
Level 2 – inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly
Level 3 – inputs that are unobservable

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Cash in bank accounts or broker accounts are classified as Level 1. The City's investments and Citizen's Prosperity Trust Fund investments in bond and equity funds are classified as Level 2 in the fair value hierarchy as they are valued based on unit values provided by fund administrators. There were no transfers between levels during the years ended December 31, 2025 and 2024.

Basis of Classification

Level 1

Level 1 investments consist of financial instruments that are actively traded in public markets and for which quoted prices for identical instruments are available.

Level 2

Level 2 investments consist of financial instruments whose fair values are determined using observable market inputs but are not based on quoted prices for identical instruments in an active market.

These include: pooled funds managed by Phillips, Hager & North (PH&N), including equity and fixed income pooled funds bond pooled funds, including Canadian, corporate, and global bond funds, and other fixed income investments.

Fair values for these investments are determined using valuation techniques that incorporate observable market inputs such as: market prices of underlying securities, interest rate yield curves, and credit spreads.

Level 3

The City does not hold any financial instruments classified as Level 3 as at December 31, 2025.

8. DEFERRED REVENUE

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance 2025
Canada Community-Building Fund	$ 4,742,589	$ 980,342	$ 128,832	$ 3,468,100	**$ 2,383,663**
Dedicated gas tax	1,016,392	244,599	30,591	508,442	**783,140**
Ontario Community Infrastructure Fund	3,114,308	2,393,371	69,788	2,881,675	**2,695,792**
Roads deposits	-	789,940	5,865	-	**795,805**
Other deferred revenue	1,406,753	939,914	261	683,489	**1,663,439**
	$ 10,280,042	**$ 5,348,166**	**$ 235,337**	**$ 7,541,706**	**$ 8,321,839**

Canada Community-Building Fund (CCBF)

CCBF revenue is provided by the Government of Canada. The use of funding is established by a funding agreement between the City and the Association of Municipalities of Ontario. CCBF funding may be used towards designated public transit, water, wastewater, solid waste, community energy systems, roads and capacity building projects as specified in the funding agreements.

Dedicated gas tax

The Provincial Ministry of Transportation provides municipalities with $.02 per litre of provincial gas tax to improve and expand transit. The funds can only be used to support municipal public transportation expenditures above a municipality's baseline spending.

9. LONG TERM DEBT

	2025	2024
Unsecured bank loan from TD Canada Trust repayable in annual installments of $318,180 including interest at 1.82%, maturing 2027	**$ 619,244**	**$ 920,423**
Unsecured bank loan from TD Canada Trust, repaid during the year	**-**	**80,997**
Unsecured bank loan from TD Canada Trust repayable in annual installments of $146,606 including interest at 2.14%, maturing 2030	**687,929**	**816,828**
Unsecured bank loan from TD Canada Trust repayable in annual installments of $60,009 including interest at 1.72%, maturing 2026	**58,986**	**116,956**
Unsecured bank loan from TD Canada Trust repayable in annual installments of $93,793 including interest at 2.24%, maturing 2031	**520,827**	**600,970**
Unsecured bank loan from TD Canada Trust repayable in annual installments of $22,251 including interest at 2.34%, maturing 2032	**142,027**	**160,467**
Unsecured bank loan from TD Canada Trust repayable in annual installments of $332,393 including interest at 2.71%, maturing 2043	**4,872,573**	**5,065,463**
	$ 6,901,586	**$ 7,762,104**

9. LONG TERM DEBT - continued

Schedule of loan principal payments are as follows:

2026	$	**797,423**
2027		**754,662**
2028		**453,463**
2029		**464,209**
2030		**475,604**
Thereafter		**3,956,225**
	$	**6,901,586**

10. ACCUMULATED OPERATING SURPLUS

Accumulated operating surplus consists of individual fund surplus, reserves and reserve funds and internally restricted entities as follows:

	2025	2024
Current funds	$ **4,721,928**	$ **2,955,379**
Investment in tangible capital assets	**200,915,488**	**188,624,683**
Long term investment	**8,000,000**	**8,500,000**
Employee future benefits	**(2,692,045)**	**(2,737,886)**
Asset retirement obligations	**(1,863,936)**	**(1,806,206)**
	209,081,435	**195,535,970**
Reserves and Reserve Funds		
Working capital	**4,461,465**	**4,461,465**
Contingencies	**11,557,133**	**5,332,211**
Capital expenditure purposes	**15,493,948**	**22,134,016**
Replacement of equipment	**1,734,243**	**1,285,629**
Museum	**458,951**	**409,055**
Cemetery Columbarium	**285,220**	**357,219**
Current expenditures purposes	**6,564,158**	**2,707,376**
Total Reserves and Reserve Funds	**40,555,118**	**36,686,971**
Internally Restricted Entity		
Citizens' Prosperity Trust Fund	**48,709,455**	**44,733,312**
ACCUMULATED OPERATING SURPLUS	$ **298,346,008**	$ **276,956,253**

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

11. TANGIBLE CAPITAL ASSETS

	Land	Site Improve-ments	Buildings	Equipment	Fleet	Docks and Wharfs	Roads and Bridges	Water	Waste Water	Work in Progress and Other	**2025**	**2024**
Cost, beginning of year	$ 11,903,055	$ 12,758,400	$ 48,540,850	$ 8,229,863	$ 22,533,859	$ 2,929,952	150,131,488	$ 48,936,596	$ 66,780,347	$ 934,866	**$ 373,679,276**	**$ 364,498,583**
Additions	-	172,404	743,889	335,775	1,760,924	279,827	8,967,533	653,660	4,130,972	3,847,888	**20,892,872**	**10,942,796**
Disposals/transfers	-	354,609	334,509	(1,606,255)	(255,896)	-	(11,613)	(83,495)	(240,538)	(334,451)	**(1,843,130)**	**(1,762,103)**
Cost, end of year	$ 11,903,055	$ 13,285,413	$ 49,619,248	$ 6,959,383	$ 24,038,887	$ 3,209,779	$ 159,087,408	$ 49,506,761	$ 70,670,781	$ 4,448,303	**$ 392,729,018**	**$ 373,679,276**
Accumulated amortization, beginning of year	$ -	$ 4,485,116	$ 15,305,039	$ 5,458,509	$ 11,769,487	$ 1,169,480	$ 92,472,444	$ 18,626,924	$ 28,005,489	$ -	**$ 177,292,489**	**$ 169,695,070**
Amortization	-	507,924	1,244,045	441,814	1,263,372	126,144	3,746,507	677,485	1,229,112	-	**9,236,403**	**9,058,727**
Disposals/transfers	-	50,760	67,241	(1,068,303)	(266,404)	-	(146,929)	(91,402)	(161,911)	-	**(1,616,948)**	**(1,461,308)**
Accumulated amortization, end of year	$ -	$ 5,043,800	$ 16,616,325	$ 4,832,020	$ 12,766,455	$ 1,295,624	$ 96,072,022	$ 19,213,007	$ 29,072,690	$ -	**$ 184,911,944**	**$ 177,292,489**
Net carrying amounts, end of year	$ 11,903,055	$ 8,241,613	$ 33,002,923	$ 2,127,363	$ 11,272,432	$ 1,914,155	$ 63,015,386	$ 30,293,754	$ 41,598,091	$ 4,448,303	**$ 207,817,074**	**$ 196,386,787**

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from services) is $4,650,568 (2024 - $934,866) . The City holds various works of art and historical treasures pertaining to the Lake of the Woods Museum. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

12. OTHER INCOME

		2025		2024
Penalties and interest on taxation	$	**546,686**	$	**469,423**
Investment income		**11,110,467**		**3,994,401**
Donations		**67,609**		**186,727**
Collection and transportation of recyclables		**1,297,841**		**1,301,891**
Miscellaneous		**1,060,760**		**825,236**
	$	**14,083,363**	$	**6,777,678**

13. PENSION AGREEMENTS

The City and its employees contribute to the Ontario Municipal Employees Retirement System ("OMERS"), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is jointly responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has almost 665,000 active, deferred and retired members.

Each year an independent actuary determines the plan's funded status 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 the actuarial valuation disclosed total actuarial liabilities of $151.3 billion ($142.5 billion in 2024) in respect of benefits accrued for service with actuarial assets at that date of $150.0 billion ($139.6 billion in 2024) indicating an actuarial deficit of $1.3 billion ($2.9 billion in 2024). 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 Corporation of the City of Kenora paid $1,645,334 for employer contributions to the plan in 2025 (2024 - $1,588,529).

14. BUDGET

The Financial Plan (Budget) By-Law adopted by Council on 18 March 2025 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and changes in net financial assets represent the Financial Plan adopted by Council on 18 March 2025 with adjustments as follows:

		2025
Financial plan (budget) by-law surplus for the year	$	**4,147,812**
Add:		
Capital expenditures		**11,422,300**
Debt principal repayments		**1,013,905**
Less:		
Budgeted transfers from accumulated surplus		**(555,589)**
Amortization of tangible capital assets		**(9,236,405)**
Accretion of ARO		**(57,729)**
Budget surplus per statement of operations	$	**6,734,294**

15. COLLECTION OF TAXES ON BEHALF OF OTHER TAXATION AUTHORITIES

During the year, taxation revenue of $4,936,303 (2024 - $4,900,935) was raised and remitted to the school boards.

16. TRUST FUNDS

The trust funds administered by the City for the benefit of external parties have not been included in the statement of financial position nor have the operations been included in the statement of operations. At December 31, the trust funds balances are as follows:

	2025	2024
Lake of the Woods Cemetery Land Fund	$ 20,870	$ 18,003
Perpetual Care Fund	944,252	875,534
Langford Estate	68,969	66,931
	$ 1,034,091	$ 960,468

17. EMPLOYEE FUTURE BENEFITS

The City of Kenora pays certain health and dental benefits on behalf of its retired employees. Active employees are also eligible to receive non-vesting sick leave benefits. The City recognizes post-employment and non-vesting sick leave costs in the period in which the employees rendered the services. The expense for the twelve months ended 31 December 2025 was $64,057 (2024 - $61,363), and the resulting future employee benefit liability was $2,626,243 at 31 December 2025 (2024 - $2,562,187).

The main assumptions employed in the actuarial valuation prepared as at 31 December 2025 for the calculation of employee future benefits are as follows:

1. Interest (Discount) Rate
The obligation as at December 31, 2025 of the present value of future liabilities was determined using a discount rate of 4.2% and expense for the 12 months ended December 31, 2025 was determined using a discount rate of 4.2%.

2. Medical Costs
Medical costs were assumed to increase 6.3% per year to 2029 and between 3.57% and 5.83% per year thereafter.

3. Dental Costs
Dental costs were assumed to increase 4.00% per year to 2029 and between 3.57% and 3.99% per year thereafter.

4. Salary and wage rates
Salary and wage rates are assumed to increase 2.50% per year.

18. EMPLOYEE FUTURE BENEFITS PAYABLE

	2025	2024
Employee future benefits (Note 17)	$ 2,626,243	$ 2,562,187
Vested sick leave	65,802	63,658
	$ 2,692,045	$ 2,625,845

19. CONTINGENT LIABILITIES

At 31 December 2025, the Corporation of the City of Kenora has guaranteed bank indebtedness of the following: the Kenora Health Care Centre in the amount of $4,587,250 (2024 - $4,825,611).

19. CONTINGENT LIABILITIES (continued)

The Corporation of the City of Kenora's pro-rata share of the cumulative operating deficit of the District of Kenora Home for the Aged is estimated to be $910,017 (2024 - $910,017). The Home's management expects to recover this deficit from projected future surpluses. A billing to Municipalities for their respective share of the deficit is not anticipated.

The Corporation of the City of Kenora has several claims and possible claims pending against it. The outcome of these claims is not yet determined and no amounts have been recorded in the accounts relating to these claims and possible claims.

The City is pursuing the expropriation of the Kenricia Hotel. As at year-end, the outcome of the process and any related costs remain uncertain and cannot be reasonably estimated. Accordingly, no liability has been recorded in these financial statements.

20. GOVERNMENT TRANSFERS

	2025	2024
Revenues		
Government of Canada grants		
Operating	$ 101,116	$ 128,468
Capital	4,658,966	804,844
Total Government of Canada grants	4,760,082	933,312
Province of Ontario grants		
Operating	5,524,281	4,474,724
Capital	7,040,392	2,797,547
Total Province of Ontario grants	12,564,673	7,272,271
Total Revenues	$ 17,324,755	$ 8,205,583
Expenses		
External transfers to others	$ 14,105,607	$ 12,958,751

21. ASSET RETIREMENT OBLIGATIONS

The City’s financial statements include asset retirement obligations for future asbestos remediation, landfill closure and post-closure care requirements and retirement of underground fuel storage tanks. The related asset retirement costs are amortized on a straight-line basis. The liability has been estimated using a net present value technique with a discount rate of 4.6% (2024 – 4.6%). The estimated total undiscounted future expenditures are $9,033,942.

Asset retirement obligations related to the buildings with asbestos will occur at the end of useful life. Asset retirement obligations related to the landfills will occur at regular intervals throughout its remaining useful life and its post-closure monitoring period of 15 years.

	2025	2024
Asset retirement obligation, beginning of year	**$ 1,806,206**	**$ 1,730,647**
Increase due to accretion expense	**81,727**	**79,310**
Liabilities settled during the year	**(23,997)**	**(3,751)**
Asset retirement obligation, end of year	**$ 1,863,936**	**$ 1,806,206**

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded. At each reporting date, as more information and experience is obtained as it relates to these asset retirement obligations, the timing, the undiscounted cash flows and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

22. FUTURE ACCOUNTING CHANGES

The revised Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026. The revised Conceptual Framework will replace the existing Conceptional Framework, which consists of PS 1000 Financial Statement Concepts, and PS 1100 Financial Statement Objectives. The City has not yet adopted the standard or determined the effect on the consolidated financial statements.

Financial Statement Presentation, PS 1202 is effective for fiscal years beginning on or after April 1, 2026. PS 1202 revises and replaces PS 1201 Financial Statement Presentation and is adopted at the same time as the revised Conceptual Framework. The City has not yet adopted this standard or determined the effect on the consolidated financial statements.

23. COMPARATIVE FIGURES

Certain of the comparative figures presented in the accompanying consolidated financial statements have been reclassified to conform with the current year's presentation.

24. SEGMENTED INFORMATION

The City of Kenora is a diversified municipal government institution that provides a wide range of services to its citizens, including fire, public transit, solid waste, water and waste water and recreation. For management reporting purposes, the City's operations and activities are organized and reported by Segment. Segments were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.
City services are provided by departments and their activities are reported in these functions. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General Government

General government encompasses all the City's administration including Council, the Administrator's office, finance and administration and human resources.

Protection Services

This segment encompasses contracted police services, fire services and by-law enforcement. The fire department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. The by-law department is responsible for animal control and for enforcing by-laws passed by council. The building inspectors ensure an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws.

Transportation Services

Transportation services are the responsibility of the public works department. This department delivers municipal public works services related to the planning, development and maintenance of roadway systems, transit, docks, wharfs and street lighting.

Environmental Services

The environmental services segment consists of three areas - water, wastewater and solid waste. The department provides drinking water and treats wastewater to a portion of the City. It also provides collection, disposal and waste minimization programs and facilities for solid waste.

24. SEGMENTED INFORMATION (continued)

Health Services

Health services includes contributions to the Northwestern Health Unit, the Kenora District Services Board for ambulance services and to the Lake of the Woods Cemetery.

Social and Family Services

The social and family services segment provides Ontario Works services, day care services and includes contributions to the District of Kenora Home for the Aged and to the Kenora District Services Board for social housing.

Recreation and Cultural Services

Recreation and cultural services is responsible for the maintenance of parks and open space. Also included in this segment are the Kenora Recreation Centre (ice surface, swimming pools and workout facilities) and the Keewatin Memorial Arena (ice surface). The operations of the Kenora Library and the Lake of the Woods Museum are also included in this segment.

Planning and Development

The planning and development segment includes planning, economic development and tourism. It provides services for the approval of all land development plans and the application and enforcement of zoning by-laws.

In addition, as noted in significant accounting policies, these financial statements consolidate the revenue and expenses of various entities. These entities have been separately disclosed in the segmented information which follows.

THE CORPORATION OF THE CITY OF KENORA
SCHEDULE OF CONSOLIDATED SEGMENT DISCLOSURE
For the year ended 31 December 2025

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Eliminations	2025 Total
Revenues										
Taxation	$ 4,212,458	$ 9,071,609	$ 8,437,596	$ -	$ 2,291,851	$ 3,437,958	$ 4,854,758	$ 1,528,793	$ -	$ 33,835,023
Fees and user charges	174,504	966,560	1,186,928	16,213,986	322,584	-	2,744,216	83,260	-	21,692,038
Government grants	528,641	1,059,830	10,827,352	-	226,725	1,242,120	4,408,527	466,177	(1,434,617)	17,324,755
Other	6,984,417	1,679,597	1,635,611	1,297,906	427,983	636,534	1,122,121	299,194	-	14,083,363
	11,900,020	**12,777,596**	**22,087,487**	**17,511,892**	**3,269,143**	**5,316,612**	**13,129,622**	**2,377,424**	**(1,434,617)**	**86,935,179**
Expenses										
Salaries and benefits	4,141,940	4,264,580	3,869,908	5,222,608	94,103	-	4,744,355	1,792,914	-	24,130,408
Materials and supplies	2,154,467	999,464	3,608,616	6,744,978	137,823	-	2,732,070	1,427,831	-	17,805,249
External transfer	-	7,065,072	90,882	-	2,738,598	4,183,243	26,000	74,627	-	14,178,422
Interest on long term debt	-	17,001	128,352	28,858	-	-	17,460	3,271	-	194,942
Amortization	181,610	376,934	4,634,016	2,556,800	20,578	-	1,262,661	203,804	-	9,236,403
	6,478,017	**12,723,051**	**12,331,774**	**14,553,244**	**2,991,102**	**4,183,243**	**8,782,546**	**3,502,447**	**-**	**65,545,424**
Net surplus (deficit)	**$ 5,422,003**	**$ 54,545**	**$ 9,755,713**	**$ 2,958,648**	**$ 278,041**	**$ 1,133,369**	**$ 4,347,076**	**$ (1,125,023)**	$ (1,434,617)	**$ 21,389,755**

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Eliminations	2024 Total
Revenues										
Taxation	$ 3,688,328	$ 8,227,345	$ 7,366,180	$ -	$ 2,117,342	$ 3,444,697	$ 4,723,186	$ 1,557,638	$ -	$ 31,124,716
Fees and user charges	290,418	740,926	885,201	14,722,985	294,340	-	2,263,390	215,310	-	19,412,570
Government grants	414,216	931,468	3,907,413	-	410,935	922,582	2,828,971	419,902	(1,629,904)	8,205,583
Other	2,082,701	756,780	720,322	1,668,474	171,979	279,792	887,389	210,241	-	6,777,678
	6,475,663	**10,656,519**	**12,879,116**	**16,391,459**	**2,994,596**	**4,647,071**	**10,702,936**	**2,403,091**	**(1,629,904)**	**65,520,547**
Expenses										
Salaries and benefits	4,118,415	3,528,718	4,077,976	4,914,899	169,060	-	4,535,615	1,713,545	-	23,058,228
Materials and supplies	1,301,807	991,566	3,233,963	6,418,332	151,079	-	2,708,261	2,072,952	-	16,877,960
External transfer	-	6,249,834	102,047	-	2,434,950	4,147,645	24,275	-	-	12,958,751
Interest on long term debt	-	22,403	134,828	29,849	-	-	19,615	5,443	-	212,138
Amortization	167,883	360,235	4,608,577	2,484,588	19,889	-	1,208,942	208,613	-	9,058,727
	5,588,105	**11,152,756**	**12,157,391**	**13,847,668**	**2,774,978**	**4,147,645**	**8,496,708**	**4,000,553**	**-**	**62,165,804**
Net surplus (deficit)	**$ 887,558**	**$ (496,237)**	**$ 721,725**	**$ 2,543,791**	**$ 219,618**	**$ 499,426**	**$ 2,206,228**	**$ (1,597,462)**	$ (1,629,904)	**$ 3,354,743**

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes, certain government grants and interest income have been apportioned based on a percentage of budgeted expenses.

THE CORPORATION OF THE CITY OF KENORA
SCHEDULE OF CONSOLIDATED SEGMENT DISCLOSURE BY ENTITY
For the year ended 31 December 2025

	City	Lake of the Woods Museum	Kenora Public Library	Provincial Offences	2025 Total
Revenues					
Taxation	$ 33,835,023	$ -	$ -	$ -	$ 33,835,023
Fees and user charges	20,985,555	181,430	33,272	491,781	21,692,038
Government grants	17,220,960	58,580	45,215	-	17,324,755
Other	13,897,867	149,072	36,424	-	14,083,363
	85,939,405	**389,082**	**114,911**	**491,781**	**86,935,179**
Expenses					
Salaries and benefits	22,659,982	642,468	586,075	241,883	24,130,408
Materials and supplies	17,069,806	358,239	188,339	188,865	17,805,249
External transfer	15,645,719	(703,014)	(764,283)	-	14,178,422
Interest on long term debt	194,942	-	-	-	194,942
Amortization	9,149,969	33,565	52,869	-	9,236,403
	64,720,418	**331,258**	**63,000**	**430,748**	**65,545,424**
Net surplus	**$ 21,218,987**	**$ 57,824**	**$ 51,911**	**$ 61,033**	**$ 21,389,755**

	City	Lake of the Woods Museum	Kenora Public Library	Provincial Offences	2024 Total
Revenues					
Taxation	$ 31,124,716	$ -	$ -	$ -	$ 31,124,716
Fees and user charges	18,725,714	192,198	30,812	463,846	19,412,570
Government grants	8,119,437	41,296	44,850	-	8,205,583
Other	6,494,137	242,184	41,357	-	6,777,678
	64,464,004	**475,678**	**117,019**	**463,846**	**65,520,547**
Expenses					
Salaries and benefits	21,581,662	601,670	629,346	245,550	23,058,228
Materials and supplies	16,155,313	459,669	159,990	102,988	16,877,960
External transfer	14,415,507	(704,360)	(752,396)	-	12,958,751
Interest on long term debt	212,138	-	-	-	212,138
Amortization	8,971,027	32,862	54,838	-	9,058,727
	61,335,647	**389,841**	**91,778**	**348,538**	**62,165,804**
Net surplus	**$ 3,128,357**	**$ 85,837**	**$ 25,241**	**$ 115,308**	**$ 3,354,743**

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes, certain government grants and interest income have been apportioned based on a percentage of budgeted expenses.