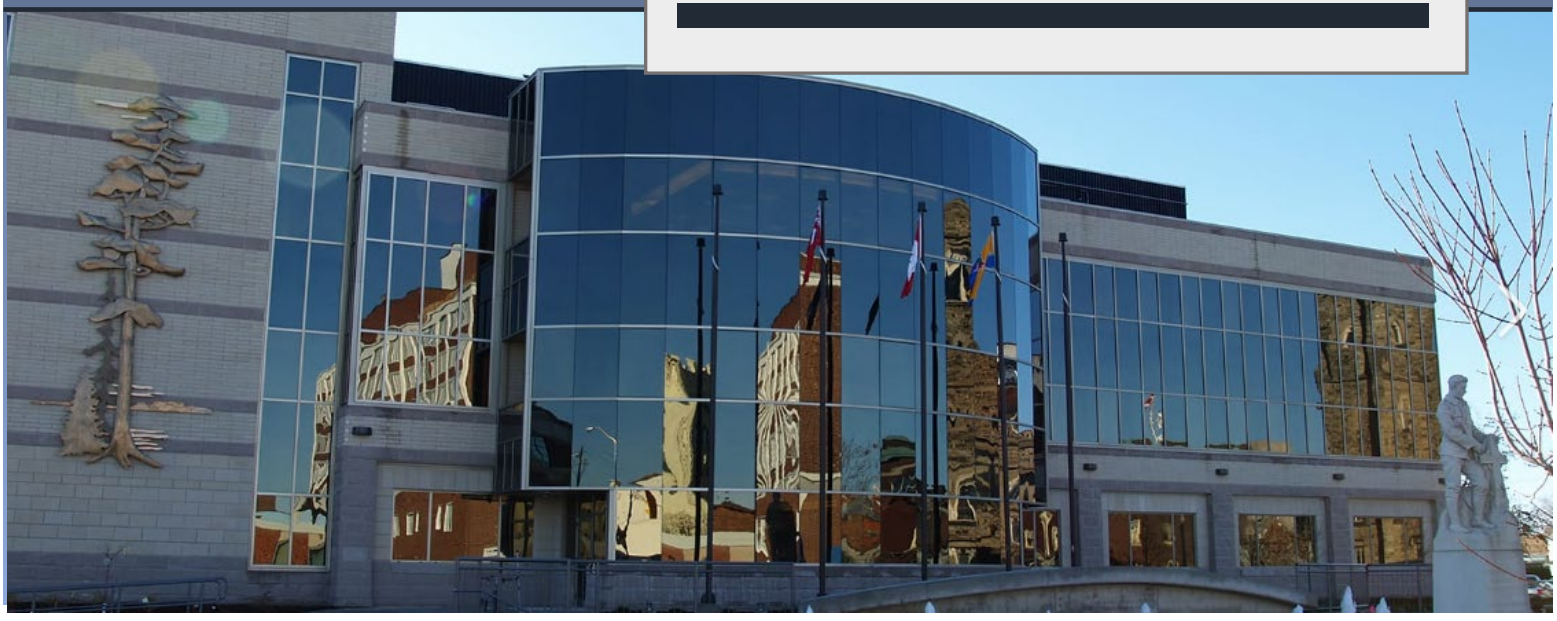
Annual Financial Report

For the year ended
December 31, 2025

The Corporation of the City of Thunder Bay,
Ontario, Canada

Prepared by: Finance Division – Corporate Services Department



Land Acknowledgement

We respectfully acknowledge that the City of Thunder Bay is located on the traditional lands of the Anishinaabeg(a) of Anemki Wajiw, Fort William First Nation, signatories to the Robinson–Superior Treaty of 1850. We recognize the enduring presence, rights, knowledge, and governance of Indigenous Peoples in this territory, and the responsibilities that come with living and working within these treaty relationships.

We also recognize the contributions of a diversity of Indigenous peoples and communities, including Métis and Inuit, who now consider this land their home. The financial, cultural, and social contributions of all Indigenous peoples and communities in this area enrich and strengthen the fabric of Thunder Bay.

We remain committed to reconciliation by fostering meaningful relationships with Indigenous peoples, communities, and governments, while addressing the lasting impacts of historical and ongoing injustices. Together, we look toward a future built on respect, collaboration, and shared prosperity.



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INTRODUCTION



Message from the City Treasurer



November 20, 2026

His Worship Mayor Ken Boshcoff
Members of Council
Residents and Ratepayers of the City of Thunder Bay

I am pleased to share the Corporation of the City of Thunder Bay's Annual Financial Report, including the audited Consolidated Financial Statements for the year ended December 31, 2025 in accordance with the *Municipal Act, 2001*.

This Report provides an overview of the City's financial condition through the elements of sustainability, flexibility, and resiliency as well as the financial performance for the 2025 year. This is our opportunity to share information with the City's stakeholders and other readers so they may understand and assess the City of Thunder Bay's financial activities and available resources. The Consolidated Financial Statements have been prepared in accordance with Public Sector Accounting Standards for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The Consolidated Financial Statements have been audited by MNP LLP.

The City of Thunder Bay continued to demonstrate strong financial performance in 2025, supported by prudent financial management, long-term planning, and a commitment to fiscal sustainability. This strength is reflected in the City's continued AA+ credit rating with a stable outlook from S&P Global Ratings, an important independent assessment of the City's financial health, governance practices, and ability to meet its financial obligations. The City's commitment to accountability, transparency, and financial excellence also continued to be recognized through the Government Finance Officers Association's Canadian Award for Financial Reporting and Distinguished Budget Presentation Award programs. These achievements reflect Council's and Administration's ongoing dedication to providing clear, comprehensive, and accessible financial information to residents and stakeholders.

I would like to thank City Council, Boards and Agencies, and City Administration for their commitment and contributions throughout the year. In particular, I would like to recognize the staff within the Finance Division for their professionalism, expertise, and dedication to delivering timely and accurate financial information while upholding the highest standards of fiscal stewardship, accountability, and transparency.

Sincerely,



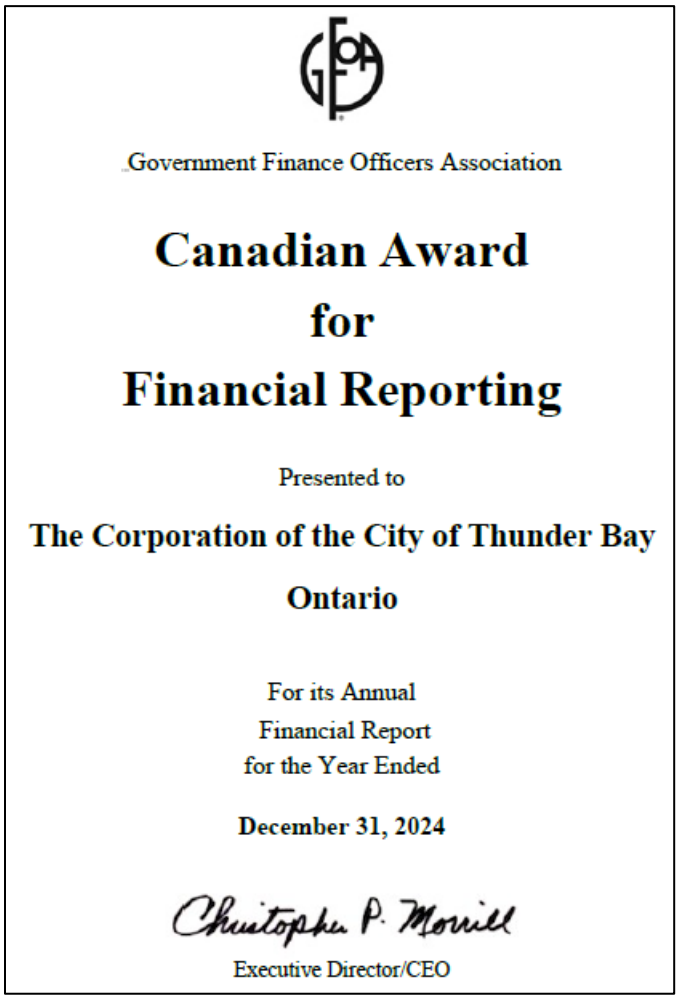
Keri Greaves, CPA
Commissioner – Corporate Services & City Treasurer

Government Finance Officers Association Award

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Thunder Bay for its annual financial report for the fiscal year ended December 31, 2024. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high-quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance understanding of financial reporting by municipal governments, and address user needs.

This is the second consecutive year that the City of Thunder Bay has received this recognition. A Canadian Award for Financial Reporting is valid for a period of one year only. Administration believes the 2025 report continues to conform to the Canadian Award for Financial Reporting program requirements and will be submitting it to GFOA to determine its eligibility for another award.



Government Finance Officers Association

Canadian Award
for
Financial Reporting

Presented to

The Corporation of the City of Thunder Bay
Ontario

For its Annual
Financial Report
for the Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

Financial Reporting

Consolidated Financial Statements

Management is responsible for the preparation of the financial statements and for the integrity and objectivity of the financial information contained in those statements. The financial statements contained in this report have been prepared in accordance with generally accepted accounting principles for local governments as established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The City Treasurer is responsible for the overall financial management of the City and must ensure that all corporate accounting records and financial reports conform to Council budgetary requirements, by-laws, policies, procedures, accounting principles and financial reporting requirements.

The Consolidated Financial Statements include all organizations that are owned or controlled by the City, which means the financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity.

Interdepartmental and inter-organizational transactions and balances between the City and these organizations are eliminated. Thunder Bay Hydro Corporation is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the City's, and inter-organizational transactions and balances are not eliminated.

Reconciling the Budget

The City of Thunder Bay Budget Policy supports the effective allocation of human, technological, and financial resources to achieve the City's goals and objectives. The City has established service levels in accordance with legislation, Council direction, or best practices. Where there has not been explicit direction, service levels reflect Administration's understanding of what residents have come to expect from the Municipality. Changes to service levels are reflected in the budget process through expansions, reductions, user fees and one-time items.

In accordance with the *Municipal Act, 2001*, the City of Thunder Bay 2025 Operating and Capital Budgets were approved by City Council in February 2025.

The Budget is prepared on a modified accrual basis of accounting which combines aspects of both cash basis and accrual basis of accounting. In contrast, the audited financial statements are prepared under the accrual basis of accounting and Public Sector Accounting Standards (PSAS).



There are significant differences between the two reporting methods due to the treatment of employee obligations and other liabilities, reserve and reserve fund transactions, and tangible capital assets. The budget figures presented in the 2025 Consolidated Financial Statements have been reclassified to comply with PSAS reporting requirements. The standards require that all interfund transfers, capital expenditures, and debt principal repayments be removed, and amortization, employee future benefits, asset retirement obligations, and consolidated board budgets be included. Note 20 in the financial statements reconciles the approved budget with the budget figures as presented in the consolidated financial statements.

External Auditors

The *Municipal Act, 2001* requires the City to engage independent auditors to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the City's financial position and results from operations and cash flows in accordance with public sector accounting standards. The City of Thunder Bay's independent auditors, MNP LLP, have issued an unqualified Auditor's Report on the financial statements included in this report.

Finance and Administration Standing Committee

In 2025, the City implemented a revised governance structure that dissolved the former Audit Committee and transferred its responsibilities to the Finance and Administration Standing Committee. Under the new framework, the Standing Committee now fulfills the audit oversight role which includes:

- Ensuring the external audit function has been effectively carried out and that any matter which the independent auditors have brought to the attention of the Audit Committee has been addressed.
- Reviewing and discussing with management their responsibility for assessing the City's internal control systems and monitoring compliance with laws, regulations and policy.
- Reviewing the annual financial statements and considering whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Reviewing significant accounting and reporting issues, including complex or unusual transactions, highly judgemental areas, recent professional/regulatory pronouncements, and understanding their impact on the financial statements.
- Recommending to City Council, approval of the annual audited financial statements.

Corporate Structure

Thunder Bay City Council

- Mayor Ken Boshcoff
- Councillor Rajni Agarwal - At Large
- Councillor Albert Aiello - McIntyre Ward
- Councillor Mark Bentz - At Large
- Councillor Shelby Ch'ng - At Large
- Councillor Kasey Etreni - At Large
- Councillor Andrew Foulds - Current River Ward
- Councillor Trevor Giertuga - At Large
- Councillor Brian Hamilton - McKellar Ward
- Councillor Greg Johnsen - Neebing Ward
- Councillor Kristen Oliver - Westfort Ward
- Councillor Dominic Pasqualino - Northwood Ward
- Councillor Michael Zussino - Red River Ward

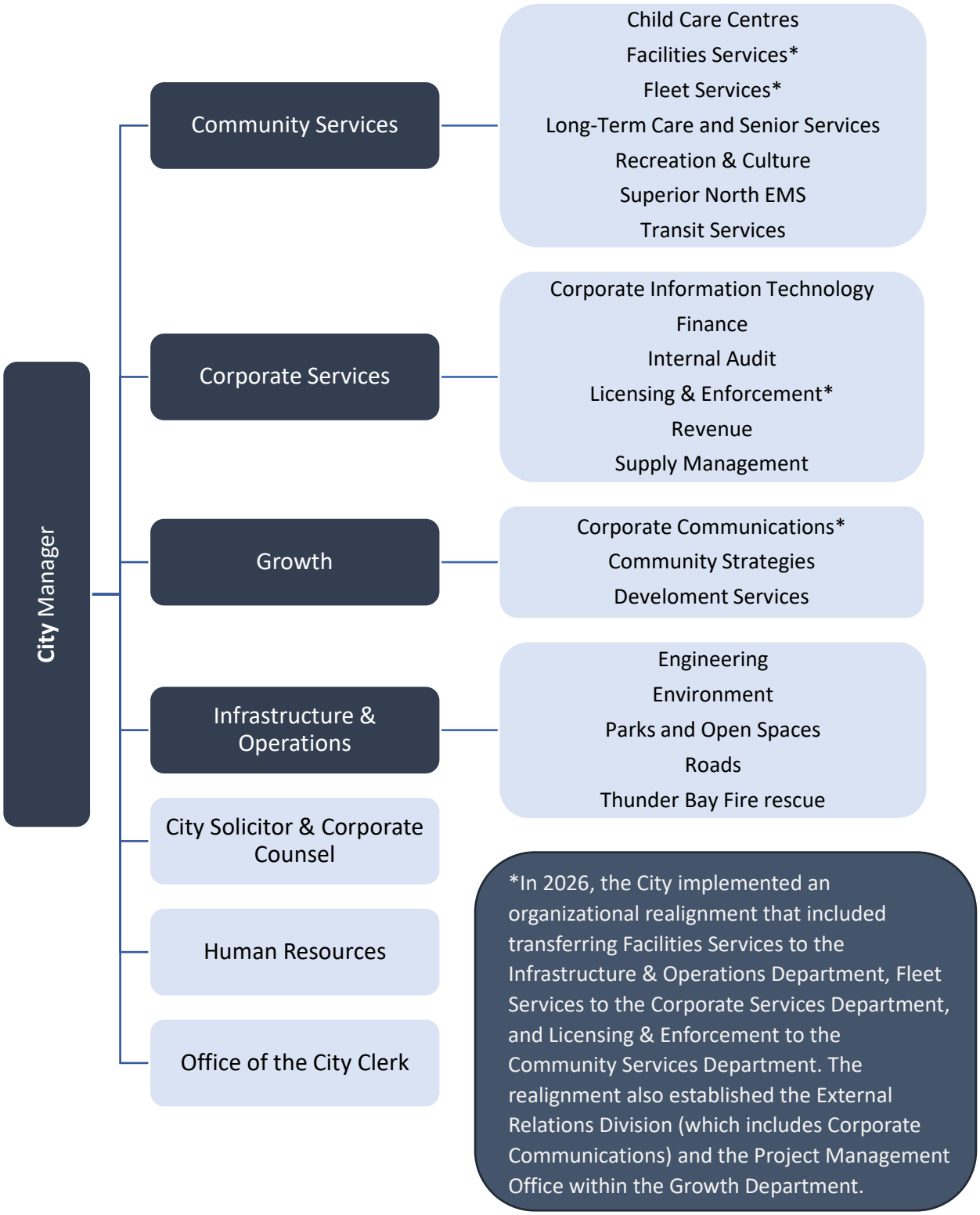
Executive Leadership Team

• City Manager	John Collin
• Commissioner, Community Services	Kelly Robertson
• Commissioner, Corporate Services & City Treasurer	Keri Greaves
• Commissioner, Growth	Kerri Marshall
• Commissioner, Infrastructure & Operations	Kayla Dixon
• City Solicitor	Patty Robinet
• Director, Human Resources	Karie Ortgiese
• Director, Legislative Services & City Clerk	Krista Power
• Director, Strategy & Engagement	Cynthia Olsen

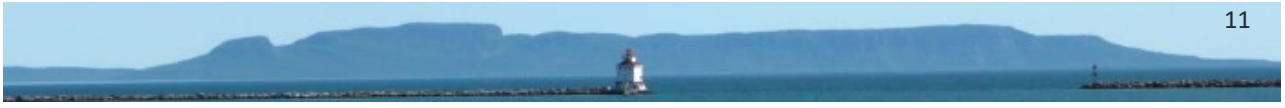
External Auditor

- MNP LLP

Organizational Chart



FINANCIALS



Financial Condition

In 2026, the City approved a Long-Range Financial Plan (LRFP) built on three financial pillars: Sustainability, Resiliency, and Flexibility. To support ongoing monitoring of these objectives, a Financial Health Dashboard was developed containing key indicators that measure the City's long-term financial condition.

BMA Management Consulting Inc. (BMA) completes a comparative municipal study each year using data from participating Ontario municipalities. The 2025 study, released in January 2026, reflects financial information through 2024. As a result, provincial comparative metrics are not yet available for the City's 2025 results.

Sustainability

Sustainability is the ability to provide and maintain service and infrastructure levels without unplanned rate increases or service reductions while also ensuring the capacity to invest in future growth and development.

Financial Position per Capita

The financial position per capita indicator measures the City's net financial position relative to the population and includes all the City's financial assets and liabilities. Negative results indicate that liabilities exceed financial assets and future revenues will be required to pay for past transactions and events. The following data shows the trend over the past five years, reflecting continued improvement and a net asset position beginning in 2024.

	2025	2024	2023	2022	2021
Thunder Bay	$459	$74	$(106)	$(193)	$(165)
Ontario Average	N/A	$1,013	$947	$1,025	$963

Asset Consumption Ratio

The asset consumption ratio reflects the value of the tangible capital assets that have been consumed and provides an indication of the aged condition of the assets and the potential asset replacement needs. A higher ratio may indicate significant replacement needs. The Ministry of Municipal Affairs and Housing (MMAH) provides the following scale with respect to this metric.

Relatively New	<25%	Moderately Old	51%-75%
Moderately New	26%-50%	Old	>75%

The following data shows that the City of Thunder Bay's infrastructure, in aggregate, is moderately old. However, through effective asset renewal and replacement strategies in accordance with the Asset Management Plan the City will be able to manage and maintain its infrastructure.



	2025	2024	2023	2022	2021
Thunder Bay	61.7%	61.2%	60.9%	60.7%	60.7%
Ontario Average	N/A	42.8%	42.6%	42.8%	42.4%

Resiliency

Resiliency reflects the degree to which the City relies on external funding beyond its control and its ability to adapt to unforeseen challenges while meeting financial and service commitments.

Property Tax as a % of Household Income

Property tax as a % of household income measures the relative affordability of municipal taxation for residents. By tracking this measure regularly, the City can better ensure that its property tax policies remain fair, equitable, and aligned with the community's ability to pay.

	2025	2024	2023	2022	2021
Thunder Bay	4.2	4.2%	4.2%	5.4%	5.3%

This indicator compares the average household income in the City against the tax burden on a typical home in the City using weighted median dwelling values and applying the residential tax rates.

Taxes Receivable as a % of Tax Levied

Taxes receivable as a % of tax levied is an indicator of the local economy and the ability of residents to pay their annual taxes. Credit rating agencies consider over 8% a negative factor.

	2025	2024	2023	2022	2021
Thunder Bay	5.1%	6.9%	6.4%	5.6%	5.1%
Northern Ontario Average	N/A	6.1%	5.6%	4.8%	4.8%

A rising percentage over time may indicate a decline in the municipality's economic health.

Rates Coverage Ratio

The rates coverage ratio measures the City's ability to cover its costs through its own source revenue. According to the MMAH, a basic target is 40%-60%; an intermediate target is 60% - 90% and an advanced target is 90% or greater. The City's Rates Coverage Ratio is comparable to the Provincial average.

	2025	2024	2023	2022	2021
Thunder Bay	88.2%	88.9%	90.1%	87.8%	93.2%
Ontario Average	N/A	95.9%	93.6%	90.6%	90.7%



Flexibility

Flexibility is the degree to which the City can expand its financial resources to seize opportunities and mitigate risks.

Debt Service Ratio

The debt service ratio compares the annual principal and interest costs to the City's own source revenue and is a measure of the City's ability to service its debt payments. As debt servicing costs increase, it reduces expenditure flexibility. The MMAH has prescribed a maximum debt service ratio of 25% for municipalities. The City has established a corporate debt service ratio maximum of 10% as part of its debt management strategy and is well within that threshold. This maximum ratio is also generally recommended by credit rating agencies.

	2025	2024	2023	2022	2021
Thunder Bay	4.8%	5.4%	6.3%	5.9%	6.1%
Ontario Average	N/A	4.2%	4.4%	4.8%	4.6%

Debt to Reserve Ratio

The debt to reserve ratio provides a measure for financial prudence by comparing total debt to discretionary reserves and reserve fund balances. Generally, credit rating agencies suggest debt should not exceed the total reserve and reserve fund balance. A measure above 1.0 indicates the City has more debt than reserve and reserve funds.

	2025	2024	2023	2022	2021
Thunder Bay	0.7	0.9	0.9	1.1	1.0
Ontario Average	N/A	0.5	0.6	0.6	0.6

Investment Returns

The City seeks to maximize revenues by prudently investing available cash balances. Investment returns represent the earnings generated from these investments and provide an indication of the extent to which investment earnings preserve and enhance purchasing power over time.

	2025	2024	2023	2022	2021
Thunder Bay	9.6%	4.6%	4.0%	3.4%	1.9%
Consumer Price Index - Canada	2.1%	2.4%	3.9%	6.8%	3.4%

The rate of return presented includes earnings from the City's investment portfolio, High Interest Savings Account (HISA), and interest earned on cash deposits held in the bank.



2025 Financial Results

The Consolidated Financial Statements of the Corporation of the City of Thunder Bay for the year ended December 31, 2025 have been prepared in accordance with generally accepted accounting principles for local governments as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and have been audited by external auditors, MNP LLP. The Independent Auditor's Report reflects an unqualified opinion.

The consolidated financial statements are comprised of all agencies, boards, and commissions which are owned or controlled by the City of Thunder Bay, including:

- Tbaytel (Municipal Service Board established by the Corporation of the City of Thunder Bay)
- Thunder Bay Community Economic Development Commission Inc.
- Thunder Bay Police Service Board
- Thunder Bay Public Library Board
- Victoriaville Centre Board of Management
- Victoria Avenue Business Improvement Area
- Waterfront District Business Improvement Area

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated on consolidation.

There are 5 required consolidated financial statements:

- Consolidated Statement of Financial Position
- Consolidated Statement of Operations and Accumulated Surplus
- Consolidated Statement of Changes in Net Assets
- Consolidated Statement of Remeasurement Gains and Losses
- Consolidated Statement of Cash Flows

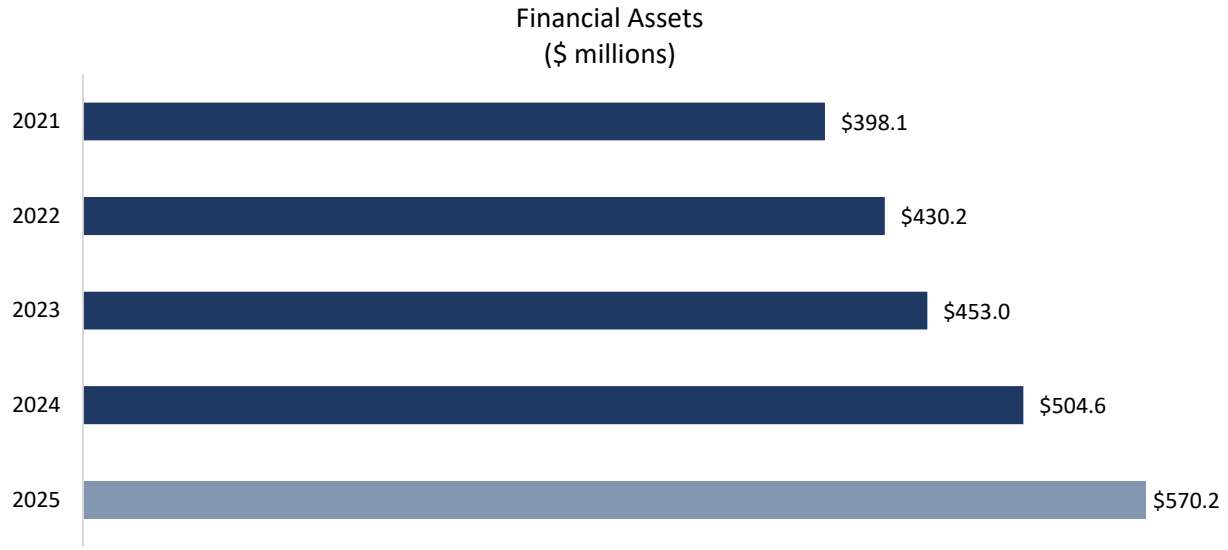


Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position reports the City's financial assets, financial liabilities, non-financial assets, and accumulated surplus as at December 31, 2025. This statement is used to evaluate the City's ability to finance its activities and to meet its liabilities and commitments.

Financial Assets

Financial assets totaled $570.2 million in 2025 [2024: $504.6 million], which is an increase of $65.6 million compared to the prior year.



Line Item ($ millions)	2025 Actual	2024 Actual	$ Change	% Change
[1]Cash	79.6	43.6	36.0	82.6%
[2]Investments	247.7	227.2	20.5	9.0%
[3]Taxes Receivable	13.6	17.6	(4.0)	(22.7%)
[4]Accounts Receivable	95.9	87.1	8.8	10.1%
[5]User Charges Receivable	15.2	17.9	(2.7)	(15.1%)
[6]Other Assets	4.3	4.5	(0.2)	(4.4%)
[7]Long-Term Receivable	2.4	1.9	0.5	26.3%
[8]Investment in Thunder Bay Hydro Corporation	111.5	104.8	6.7	6.4%
Total Financial Assets	**570.2**	**504.6**	**65.6**	**13.0%**

1. Cash

2025 Actual	2024 Actual	$ Change	% Change
$79.6	$43.6	$36.0	82.6%

Cash represents funds available to support the City's operating and capital activities. Cash balances not required in the short term are invested to earn investment income. The Cash balance was higher in 2025 primarily as a result of higher cash flows generated from operating activities and lower cash requirements for the acquisition of tangible capital assets (TCAs).

2. Investments

2025 Actual	2024 Actual	$ Change	% Change
$247.7	$227.2	$20.5	9.0%

Investments are securities held to earn income by way of dividends, interest, and capital gains. The City is enrolled in the ONE Prudent Investment Program, which provides access to a broad range of investment products and also holds a high interest savings account with ONE Investment. The increase in Investments for 2025 was due to realized gains as a result of portfolio liquidation related to the transition to the Outsourced Chief Investment Officer (OCIO) model as well as trade implementation during the year.

3. Taxes Receivable

2025 Actual	2024 Actual	$ Change	% Change
$13.6	$17.6	($4.0)	(22.7%)

Taxes Receivable are uncollected property taxes owed to the City at the end of the year. Property taxes are the City’s primary revenue source to finance its day-to-day operations. The 2025 balance represents 5.1% of the levy, down from 6.9% in the prior year. There were 4,724 accounts in arrears at the end of 2025, below the five-year average of 4,739. The City utilizes the collection processes available under legislation to collect outstanding taxes from residents and businesses in a fair and consistent manner.

4. Accounts Receivable

2025 Actual	2024 Actual	$ Change	% Change
$95.9	$87.1	$8.8	10.1%

Accounts Receivable are amounts owed to the City across its business operations, excluding property taxes, at the end of the year. Examples include grants receivable, and HST rebate. The increase in Accounts Receivable for 2025 is primarily due to higher amounts receivable from senior levels of government related to multi-year capital projects. This increase was partially offset by a reduction in Tbaytel receivables.

5. User Charges Receivable

2025 Actual	2024 Actual	$ Change	% Change
$15.2	$17.9	($2.7)	(15.1%)

User fees for various City programs and services such as water and sewer are approved by City Council through by-law. User Charges Receivable are the amounts owed to the City for these programs and services at the end of the year. The decrease in User Charges Receivable in 2025 is primarily due to normal fluctuations in the timing and collection of water/wastewater bill receivables.

6. Other Assets

2025 Actual	2024 Actual	$ Change	% Change
$4.3	$4.5	($0.2)	(4.4%)

Other Assets represent the Tbaytel inventory held for resale. The small decrease in Other Assets for 2025 is due to the normal fluctuation in the volume of inventory on hand at year end.

7. Long Term Receivable

2025 Actual	2024 Actual	$ Change	% Change
$2.4	$1.9	$0.5	26.3%

Long-Term Receivables are primarily special contractual arrangements and loans to third parties including local improvement charges, the ReGen Med Loan, and the lead pipe replacement loan program. The increase in Long Term Receivable for 2025 is primarily due to an increase in local improvement charges.

8. Investment in Thunder Bay Hydro Corporation

2025 Actual	2024 Actual	$ Change	% Change
$111.5	$104.8	$6.7	6.4%

The Thunder Bay Hydro Corporation is wholly owned by the City of Thunder Bay and provides regulated and unregulated electric utility services and complementary commercial services. The Investment in Thunder Bay Hydro Corporation includes the value of common shares, promissory note, and accumulated earnings and other income. The increase in Investment in Thunder Bay Hydro Corporation for 2025 is due to the increases in accumulated earnings.

Liabilities

Liabilities totaled $516.6 million in 2025 [2024: $496.0 million], which is an increase of $20.6 million compared to the prior year.



Line Item ($ millions)	2025 Actual	2024 Actual	$ Change	% Change
[1]Accounts Payable and Accrued Liabilities	115.9	101.3	14.6	14.4%
[2]Deferred Revenue	61.0	55.9	5.1	9.1%
[3]Employee Future Benefits	135.0	120.5	14.5	12.0%
[4]Municipal Debenture Debt	176.4	190.5	(14.1)	(7.4%)
[5]Asset Retirement Obligation	28.3	27.8	0.5	1.8%
Total Liabilities	**516.6**	**496.0**	**20.6**	**4.2%**

1. Accounts Payable and Accrued Liabilities

2025 Actual	2024 Actual	$ Change	% Change
$115.9	$101.3	$14.6	14.4%

Accounts Payable and Accrued Liabilities are monies the City owes for goods, services, and construction, personnel services, and third-party remittances at the end of the year. The increase in Accounts Payable and Accrued Liabilities for 2025 is due to typical changes in trade accounts payable and accruals along with an increase in payroll liabilities.

2. Deferred Revenue

2025 Actual	2024 Actual	$ Change	% Change
$61.0	$55.9	$5.1	9.1%

Deferred revenues are advanced payments received during the year that will be recognized as revenue in subsequent years when the related activity has taken place. Examples include prepaid taxes, grants, registration fees, and sewer and water connection deposits. Deferred revenue also includes obligatory reserve funds where payments have been received for restricted or conditional agreements and can only be used in accordance with those agreements or applicable legislation. Examples include Parkland Dedication, Build Communities Strong Fund, Dedicated Gas Tax Fund, and Ontario Community Infrastructure Fund. The increase in Deferred Revenue for 2025 is primarily due to an increase in deferred grant revenues, specifically FCM Green Municipal Fund and Housing Accelerator Fund.

3. Employee Future Benefits

2025 Actual	2024 Actual	$ Change	% Change
$135.0	$120.5	$14.5	12.0%

Employee Future Benefits are actuarial assessments of the City's future obligations for sick leave benefits, post-employment benefits and Workplace Safety and Insurance Board (WSIB) costs as well as vacation pay. The 2025 increase is due to an updated actuarial valuation that includes renewed assumptions for outstanding obligations.

4. Municipal Debenture Debt

2025 Actual	2024 Actual	$ Change	% Change
$176.4	$190.5	($14.1)	(7.4%)

Municipal Debenture Debt is the principal balance of debentures and construction financing undertaken to support the City's capital infrastructure program. The decrease in Municipal Debenture Debt for 2025 is due to in-year principal repayments and is similar in value to the change from 2023 to 2024.

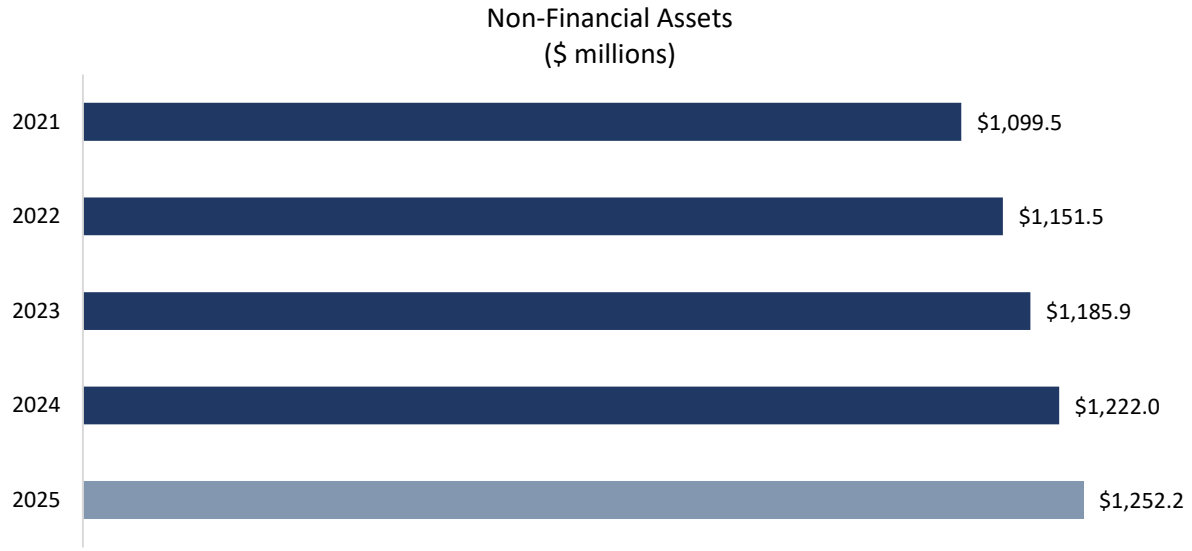
5. Asset Retirement Obligation

2025 Actual	2024 Actual	$ Change	% Change
$28.3	$27.8	$0.5	1.8%

Asset Retirement Obligation is a legal obligation associated with the retirement of a tangible capital asset at the end of its life. The increase in the Asset Retirement Obligation for 2025 is due to the ongoing annual measurement of the obligation and changes in estimates, offset by liabilities settled during the year.

Non-Financial Assets

Non-Financial Assets totaled $1,252.3 million in 2025 [2024: $1,222.0 million], which is an increase of $30.3 million compared to the prior year.



Line Item ($ millions)	2025 Actual	2024 Actual	$ Change	% Change
[1]Tangible Capital Assets	1,234.7	1,203.5	31.2	2.6%
[2]Supplies Inventory	9.0	11.1	(2.1)	(18.9%)
[3]Prepaid Expenses	8.6	7.4	1.2	16.2%
Total Non-Financial Assets	**1,252.3**	**1,222.0**	**30.3**	**2.5%**

1. Tangible Capital Assets

2025 Actual	2024 Actual	$ Change	% Change
$1,234.7	$1,203.5	$31.2	2.6%

Tangible Capital Assets represent the City's investment in general and infrastructure capital including land, land improvements, buildings, vehicles, machinery and equipment, vehicles, network assets, library collection, roads and bridges, and other linear assets. Capital projects are recorded as assets when the project is completed or goes into service. The increase in Tangible Capital Assets for 2025 is primarily due to an increase in Tbaytel network assets.

2. Supplies Inventory

2025 Actual	2024 Actual	$ Change	% Change
$9.0	$11.1	($2.1)	(18.9%)

Supplies Inventory represents the goods held on hand at year-end to support the delivery of services. The decrease in Supplies Inventory for 2025 is due to normal fluctuations in the amount of inventory held by Tbaytel at year-end.

3. Prepaid Expenses

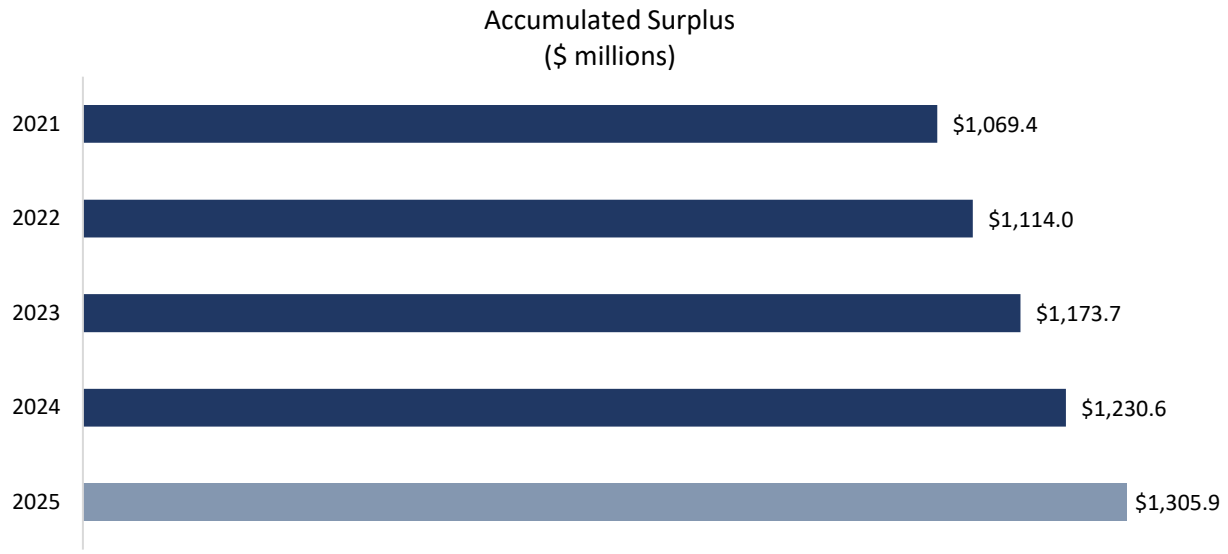
2025 Actual	2024 Actual	$ Change	% Change
$8.6	$7.4	$1.2	16.2%

Prepaid Expenses represent payments made in the current year for things that will be consumed in future years. The increase in Prepaid Expenses for 2025 is due to timing of payments for software agreements and advances made to the operator of the temporary shelter village.



Accumulated Surplus

Accumulated Surplus totaled $1,305.9 million in 2025 [2024: $1,230.6 million], which is an increase of $75.3 million compared to the prior year. The accumulated surplus represents the City's net economic resources to be used to carry out municipal activities.



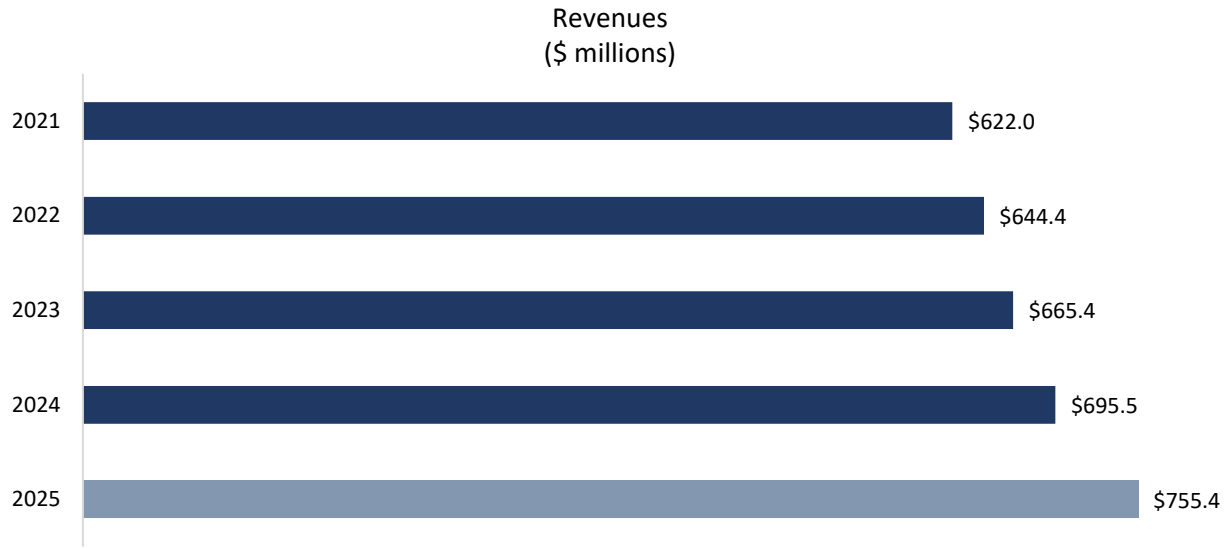
Line Item ($ millions)	2025 Actual	2024 Actual	$ Change	% Change
Investment in Tangible Capital Assets	1,234.7	1,203.5	31.2	2.6%
Municipal Debenture Debt	(176.4)	(190.5)	14.1	(7.4%)
Investment in Thunder Bay Hydro Corporation	111.5	104.8	6.7	6.4%
General Fund	47.0	38.0	9.0	23.7%
Employee Future Benefits	(135.0)	(120.5)	(14.5)	12.0%
Asset Retirement Obligation	(28.3)	(27.8)	(0.5)	1.8%
Reserves and Reserve Funds	253.3	223.1	30.2	13.5%
Accumulated Remeasurement Gain/(Loss)	(0.9)	-	(0.9)	n/a
Total Accumulated Surplus	**1,305.9**	**1,230.6**	**75.3**	**6.1%**

Consolidated Statement of Operations and Accumulated Surplus

The Consolidated Statement of Operations and Accumulated Surplus summarizes the revenues and expenses for the 2025 fiscal year and indicates the accumulated surplus. During the year, revenues exceeded expenses resulting in a $76.1 million surplus [2024: $56.9 million]. Variance explanations are discussed below.

Revenues

Total Revenues were $755.4 million in 2025 [2024: $695.5 million], an increase of $59.9 million compared to the prior year.



Line Item ($ millions)	2025 Budget	2025 Actual	2024 Actual	$ Variance Budget	% Variance Budget	$ Change Prior Year	% Change Prior Year
[1]Taxation, Net	241.2	242.8	232.9	1.6	0.7%	9.9	4.3%
[2]Fees and Service Charges	107.2	113.3	106.3	6.1	5.7%	7.0	6.6%
[3]Government of Canada Grants	5.7	25.3	16.4	19.6	343.9%	8.9	54.3%
[4]Province of Ontario Grants	80.5	91.2	84.5	10.7	13.3%	6.7	7.9%
[5]Contributed Tangible Capital Assets	-	2.7	2.9	2.7	n/a	(0.2)	(6.9%)
[6]Investment Income	17.0	27.4	12.0	10.4	61.2%	15.4	128.3%
[7]Other	45.1	44.9	33.5	(0.2)	(0.4%)	11.4	34.0%
[8]Tbaytel Fees and Service Charges	207.0	207.8	207.0	0.8	0.4%	0.8	0.4%
Total Revenues	**703.7**	**755.4**	**695.5**	**51.7**	**7.3%**	**59.9**	**8.6%**

1. Taxation, Net

2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$241.2	$242.8	$232.9	$1.6	0.7%	$9.9	4.3%

Taxation revenues represent property taxes and payments in lieu of taxes (PILT) levied on properties based on their assessed values. The increase in Taxation revenues compared to the prior year reflects the 2025 Council-approved municipal tax levy increase to support the delivery of municipal services and infrastructure.

2. Fees and Service Charges

2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$107.2	$113.3	$106.3	$6.1	5.7%	$7.0	6.6%

User fees are charged to individuals who use fee-based programs and services provided by the City, regardless of their status as taxpayers. These fees are typically applied when the services benefit specific individuals rather than the community as a whole. Examples of user fees include transit fares, recreation program fees, landfill tipping fees, water and wastewater user rates. The increase in Fees and Services Charges compared to the prior year and budget reflects the 2025 Council-approved user fee increases and higher utilization.

3. Government of Canada Grants

2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$5.7	$25.3	$16.4	$19.6	343.9%	$8.9	54.3%

Government of Canada grants include funding received through the Build Communities Strong Fund (formerly the Canada Community-Building Fund and Federal Gas Tax Fund), the Housing Accelerator Fund, and other federal programs that primarily support infrastructure investments. This revenue category also includes funding received to reimburse the City for costs incurred in providing services associated with emergency evacuations. The increase in 2025 compared to both budget and the prior year is primarily attributable to the timing of capital projects, as grant revenue is recognized when the related eligible expenditures are incurred. In addition, the City does not budget for emergency evacuation activities, resulting in unbudgeted grant revenue when such events occur.

4. Province of Ontario Grants

2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$80.5	$91.2	$84.5	$10.7	13.3%	$6.7	7.9%

Provincial grants include funding received through the Ontario Municipal Partnership Fund, the Ontario Community Infrastructure Fund, and various provincial programs that support municipal services, including long-term care, transit operations, Superior North Emergency Medical Services (EMS), and other community services. The increase in 2025 compared to the prior year is partly attributable to a $3.3 million increase in OMPF funding. The remaining variance compared to the prior year and budget is primarily due to the timing of infrastructure projects funded through provincial grant programs, as revenue is recognized when eligible expenditures are incurred.

5. Contributed Tangible Capital Assets

2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$-	$2.7	$2.9	$2.7	n/a	($0.2)	(6.9%)

Contributed tangible capital assets represent infrastructure, land, or other capital assets transferred to the City at no or nominal cost, typically through development agreements or donations. The 2025 contribution relates to network assets received by Tbaytel, consisting of infrastructure enhancements that support the expansion of fibre services to rural markets.

6. Investment Income

2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$17.0	$27.4	$12.0	$10.4	61.2%	$15.4	128.3%

Investment income represents interest and other realized earnings generated from the City's reserves, reserve funds, and cash balances. Higher-than-anticipated investment income in 2025 was driven by realized gains due to the investment portfolio liquidation as part of the transition to the Outsourced Chief Investment Officer (OCIO) model.

7. Other

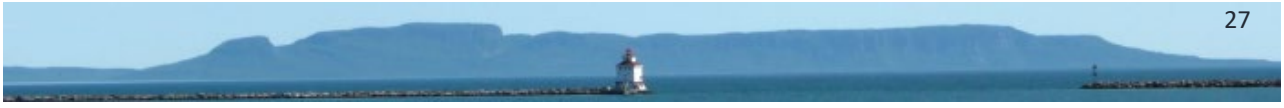
2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$45.1	$44.9	$33.5	($0.2)	(0.4%)	$11.4	34.0%

Other revenues include licences and permits, fines, penalties and interest on taxes, recoveries from district municipalities, miscellaneous, net proceeds of land development activity account, and municipal accommodation tax. The 2025 increase compared to the prior year is primarily due to an increase in Tbaytel miscellaneous revenue, net proceeds from land development account activity, and municipal accommodation tax.

8. Tbaytel Fees and Service Charges

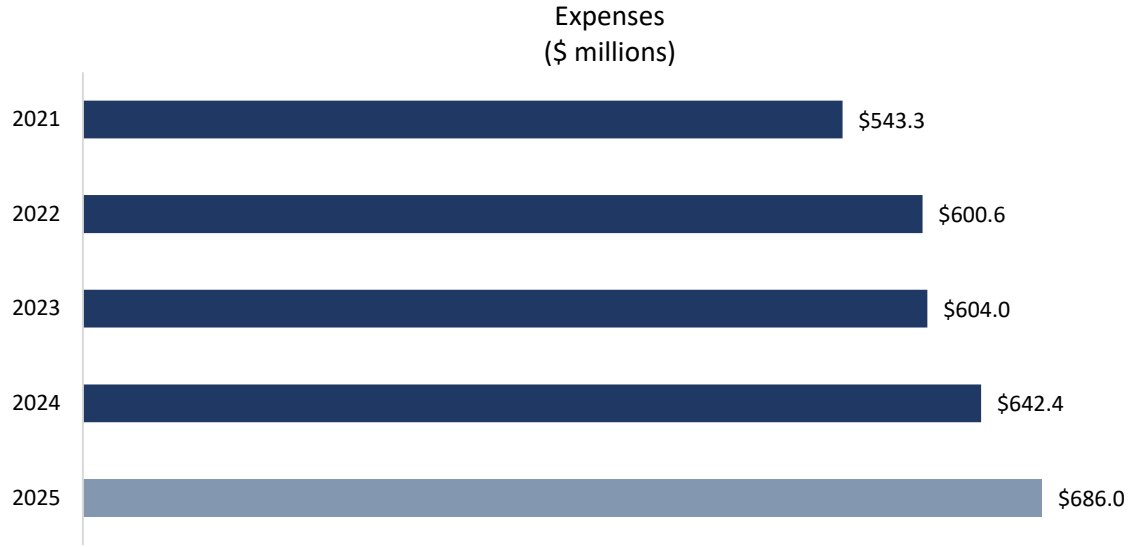
2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$207.0	$207.8	$207.0	$0.8	0.4%	$0.8	0.4%

Tbaytel fees and service charges represent revenues earned from the provision of telecommunications services, including wireless, internet, television, and data services provided to customers. 2025 fees and services charges were materially consistent with the prior year and budget.



Expenses

Total Expenses were $686.0 million in 2025 [2024: $642.4 million], an increase of $43.6 million compared to the prior year.



Line Item ($ millions)	2025 Budget	2025 Actual	2024 Actual	$ Variance Budget	% Variance Budget	$ Change Prior Year	% Change Prior Year
[1]General Government	26.2	33.1	31.9	6.9	26.3%	1.2	3.8%
[2]Protection to Persons and Property	140.2	142.4	120.2	2.2	1.6%	22.2	18.5%
[3]Transportation Services	71.9	81.0	74.4	9.1	12.7%	6.6	8.9%
[4]Environmental Services	78.3	80.5	79.2	2.2	2.8%	1.3	1.6%
[5]Health Services	46.6	44.0	44.0	(2.6)	(5.6%)	-	0.0%
[6]Social Housing	1.2	0.5	-	(0.7)	(58.3%)	0.5	n/a
[7]Social and Family Services	53.5	52.5	51.3	(1.0)	(1.9%)	1.2	2.3%
[8]Recreation and Cultural Services	61.0	65.2	62.9	4.2	6.9%	2.3	3.7%
[9]Planning and Development	14.6	16.2	13.8	1.6	11.0%	2.4	17.4%
[10]Tbaytel	173.7	170.6	164.7	(3.1)	(1.8%)	5.9	3.6%
Total Expenses	**667.2**	**686.0**	**642.4**	**18.8**	**2.8%**	**43.6**	**6.8%**

1. General Government

2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$26.2	$33.1	$31.9	$6.9	26.3%	$1.2	3.8%

This category includes governance, corporate administration, financial management, and support services required to operate the municipality. The 2025 variance compared to the budget is primarily due to unbudgeted emergency evacuation expenses.

2. Protection to Persons and Property

2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$140.2	$142.4	$120.2	$2.2	1.6%	$22.2	18.5%

This category includes services that protect people and property, including fire, police, emergency management, by-law enforcement, and court security services. The 2025 increase compared to the prior year is primarily due to an increase in future employee benefits for Police and Fire related to an updated actuarial valuation report.

3. Transportation Services

2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$71.9	$81.0	$74.4	$9.1	12.7%	$6.6	8.9%

This category includes the construction, operation, and maintenance of roads, bridges, traffic systems, active transportation infrastructure, winter maintenance, and public transit services. The 2025 increase compared to the budget and prior year is primarily related to non-TCA expenses that vary year over year due to the nature of City projects.

4. Environmental Services

2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$78.3	$80.5	$79.2	$2.2	2.8%	$1.3	1.6%

This category includes drinking water, wastewater, stormwater, solid waste, recycling, and other environmental protection services provided to the community. 2025 expenses related to Environmental Services were materially consistent with the prior year and budget.

5. Health Services

2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$46.6	$44.0	$44.0	($2.6)	(5.6%)	$-	0.0%

This category includes programs and services that promote public health and support community health-related needs. 2025 expenses related to Health Services were materially consistent with the prior year and budget.

6. Social Housing

2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$1.2	$0.5	$-	($0.7)	(58.3%)	$0.5	n/a

This category includes services related to the administration, funding, and operation of affordable, assisted, and community housing programs. This is a new category included for the 2025 year. 2025 expenses related to Social Housing were lower than budget due to delays in establishing the temporary shelter village to support underhoused individuals.

7. Social and Family Services

2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$53.5	$52.5	$51.3	($1.0)	(1.9%)	$1.2	2.3%

This category includes social assistance, child care, long-term care, and other programs that support the well-being of residents and families. 2025 expenses related to Social and Family Services were materially consistent with the prior year and budget.

8. Recreation and Cultural Services

2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$61.0	$65.2	$62.9	$4.2	6.9%	$2.3	3.7%

This category includes recreation programs and facilities, parks, arenas, libraries, museums, cultural activities, and heritage services. 2025 expenses related to Recreation and Cultural Services were materially consistent with the prior year and budget.

9. Planning and Development

2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$14.6	$16.2	$13.8	$1.6	11.0%	$2.4	17.4%

This category includes land use planning, economic development, tourism, building services, and initiatives that support community growth and development. 2025 expenses related to Planning and Development were materially consistent with the prior year and budget.

10. Tbaytel

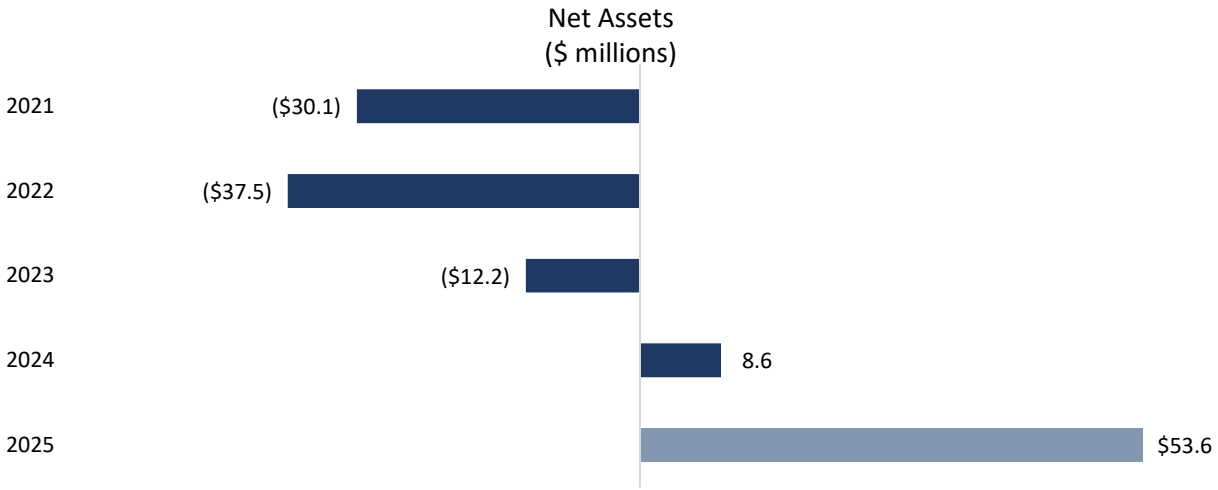
2025 Budget	2025 Actual	2024 Actual	Variance Budget	% Variance Budget	Change Prior Year	% Change Prior Year
$173.7	$170.6	$164.7	($3.1)	(1.8%)	$5.9	3.6%

This includes expenses incurred by Tbaytel in the delivery of telecommunications services, including wireless, internet, television, data, and related customer support services. 2025 expenses related to Tbaytel were materially consistent with the prior year and budget.



Consolidated Statement of Changes in Net Assets

The Consolidated Statement of Net Assets summarizes changes as a result of annual operations, tangible capital asset transactions, and changes in other non-financial assets. The City's net asset balance improved by $45.0 million to $53.6 million [2024: $8.6 million].



Line Item ($ millions)	2025 Actual	2024 Actual
Annual Surplus	76.1	56.9
Acquisition of Tangible Capital Assets	(118.4)	(122.9)
Amortization of Tangible Capital Assets	88.6	85.1
Other	(1.3)	1.7
Change in Net Assets	**45.0**	**20.8**

Consolidated Statement of Remeasurement Gains and Losses

The Consolidated Statement of Remeasurement Gains and Losses summarizes the unrealized change in the value of financial instruments being measured at fair market value at the end of the year. The City's accumulated remeasurement loss as at December 31, 2025, was $0.9 million [2024: $nil].

Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows summarizes the impact that operating, capital, financing, and investing activities had on the City's cash position during the year. The City's primary uses of cash include acquiring tangible capital assets, repayment of municipal debenture debt and purchasing investments with cash provided from operating activities. The net impact was an increase in cash of $36.1 million to $79.7 million [2024: $43.6 million].

Trust Funds

The City also administers trust funds, which are not consolidated with the City's financial statements. Trust Funds Financial Statements are presented separately.

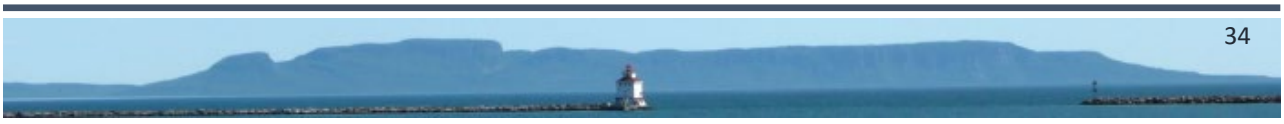
FINANCIAL STATEMENTS



The Corporation of the City of Thunder Bay

Consolidated Financial Statements

December 31, 2025



Statement of Administrative Responsibility

The management of The Corporation of the City of Thunder Bay have prepared the accompanying financial statements and are responsible for their accuracy and integrity. The financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board [PSAB] of the Chartered Professional Accountants Canada.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that the Corporation's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The City Manager and City Treasurer review the financial statements before such statements are submitted to Council and published for the residents of Thunder Bay. The external auditors have access to, and meet with Administration and Council to discuss their audit and the results of their examination.

The 2025 Financial Statements have been reported on by The Corporation of the City of Thunder Bay's external auditors, MNP LLP, the auditors appointed by Council. The auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

Keri Greaves, CPA
Commissioner – Corporate Services
& City Treasurer

John Collin
City Manager

November 20, 2026

To the Members of Council of The Corporation of the City of Thunder Bay:

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Thunder Bay and its subsidiaries (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, accumulated operating surplus, remeasurement gains and losses, changes in net 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 Municipality as at December 31, 2025, and the results of its consolidated operations, its consolidated remeasurement gains and losses, changes in its net 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 Municipality 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.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the Annual Financial Report for the year ended December 31, 2025.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained the Annual Financial Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 Municipality'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 Municipality'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 Municipality 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 Municipality 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

November 10, 2026

Licensed Public Accountants

THE CORPORATION OF THE CITY OF THUNDER BAY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31,	2025	2024
	$	$
Financial assets		
Cash	**79,648,445**	43,594,289
Investments (note 4)	**247,672,516**	227,174,614
Taxes receivable	**13,575,726**	17,645,318
Accounts receivable	**95,949,638**	87,041,381
User charges receivable	**15,186,894**	17,907,502
Other assets	**4,333,004**	4,519,004
Long term receivable	**2,370,304**	1,938,459
Investment in Thunder Bay Hydro Corporation (note 5)	**111,494,345**	104,839,829
	570,230,872	504,660,396
Liabilities		
Accounts payable and accrued liabilities	**115,856,966**	101,345,185
Deferred revenue (note 7)	**61,042,188**	55,864,099
Employee future benefits (note 10)	**134,989,525**	120,472,022
Municipal debenture debt (note 11)	**176,352,068**	190,495,208
Asset retirement obligation (note 12)	**28,334,884**	27,839,502
	516,575,631	496,016,016
Net assets	**53,655,241**	8,644,380
Non-financial assets		
Tangible capital assets (Schedule 1), (note 13)	**1,234,673,496**	1,203,470,544
Supplies inventory	**8,982,430**	11,079,070
Prepaid expenses	**8,581,106**	7,435,259
	1,252,237,032	1,221,984,873
Accumulated Surplus	**1,305,892,273**	1,230,629,253
Accumulated surplus is comprised of:		
Accumulated operating surplus (Schedule 2)	**1,306,744,235**	1,230,629,253
Accumulated remeasurement gains (losses)	**(851,962)**	-
	1,305,892,273	1,230,629,253

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

THE CORPORATION OF THE CITY OF THUNDER BAY

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31,	2025 Budget (Note 20)	2025	2024
	$	$	$
Revenues			
Taxation, net	**241,235,268**	**242,829,974**	232,861,338
Fees and service charges	**107,193,400**	**113,340,518**	106,311,395
Government of Canada grants (note 14)	**5,690,204**	**25,328,426**	16,375,284
Province of Ontario grants (note 14)	**80,455,740**	**91,171,815**	84,485,636
Contributed tangible capital assets	**-**	**2,656,000**	2,947,965
Investment income	**17,016,583**	**27,424,750**	12,046,276
Other	**45,064,894**	**44,849,321**	33,536,799
Tbaytel fees and service charges	**206,994,000**	**207,773,000**	206,957,000
	703,650,089	**755,373,804**	695,521,693
Expenses (note 19)			
General government	**26,211,303**	**33,130,438**	31,888,880
Protection to persons and property	**140,165,345**	**142,450,299**	120,247,463
Transportation services	**71,945,465**	**80,963,503**	74,370,177
Environmental services	**78,303,617**	**80,480,499**	79,201,210
Health services	**46,635,219**	**43,962,621**	43,975,981
Social and family services	**53,458,156**	**52,555,320**	51,309,234
Social Housing	**1,221,800**	**508,228**	-
Recreation and cultural services	**61,028,880**	**65,161,190**	62,902,313
Planning and development	**14,609,834**	**16,255,346**	13,788,063
Tbaytel	**173,701,268**	**170,574,268**	164,713,436
	667,280,887	**686,041,712**	642,396,757
Net revenues before the following	**36,369,202**	**69,332,092**	53,124,936
Gain (loss) on disposal of tangible capital assets	**(94,000)**	**604,459**	(428,478)
Loss on disposal of asset retirement obligation	**-**	**(45,689)**	(7,592)
Gain (loss) on change in asset retirement obligation estimates	**-**	**(430,396)**	310,306
Earnings from Thunder Bay Hydro Corporation (note 5)	**-**	**6,654,516**	3,945,781
Annual operating surplus	**36,275,202**	**76,114,982**	56,944,953
Accumulated operating surplus, beginning of year	**1,230,629,253**	**1,230,629,253**	1,173,684,300
Accumulated operating surplus, end of year (Schedule 2)	**1,266,904,455**	**1,306,744,235**	1,230,629,253

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

THE CORPORATION OF THE CITY OF THUNDER BAY

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

As at December 31,	Budget 2025 (Note 20)	2025	2024
	$	$	$
Annual operating surplus	**36,275,202**	**76,114,982**	56,944,953
Acquisition of tangible capital assets	**(58,473,000)**	**(118,357,454)**	(122,873,921)
Amortization of tangible capital assets	**86,873,902**	**88,588,435**	85,088,108
Contributed tangible capital assets	**-**	**(2,656,000)**	(2,947,965)
Proceeds on disposal of tangible capital assets	**-**	**1,826,526**	357,472
(Gain) loss on disposal of tangible capital assets	**94,000**	**(604,459)**	428,478
	28,494,902	**(31,202,952)**	(39,947,828)
Net decrease (increase) in prepaid expenses	**-**	**(1,145,847)**	772,553
Net decrease in supplies inventories	**-**	**2,096,640**	3,126,550
Net remeasurement gains (losses)	**-**	**(851,962)**	-
	-	**98,831**	3,899,103
Change in net assets	**64,770,104**	**45,010,861**	20,896,228
Net assets, beginning of year	**8,644,380**	**8,644,380**	(12,251,848)
Net assets, end of year	**73,414,484**	**53,655,241**	8,644,380

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

THE CORPORATION OF THE CITY OF THUNDER BAY

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

As at December 31,	2025	2024
	$	$
Accumulated remeasurement gain/(loss), beginning of year	**-**	-
Unrealized gain (losses) attributable to:		
Investments	**5,757,813**	-
Amount reclassified to statement of operations		
Investments	**(6,609,775)**	-
Net remeasurement gain(loss) the year	**(851,962)**	-
Accumulated remeasurement gain(loss), end of year	**(851,962)**	-

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

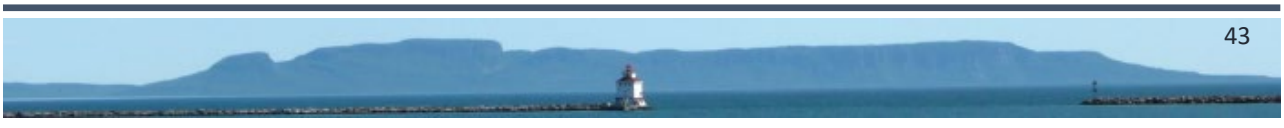


THE CORPORATION OF THE CITY OF THUNDER BAY

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31,	2025	2024
	$	$
Operating Activities		
Annual operating surplus	**76,114,982**	56,944,953
Non-cash changes to operations:		
Accretion of asset retirement obligation	**898,766**	763,885
Amortization of tangible capital assets	**88,588,435**	85,088,108
Net remeasurement gain (loss)	**(851,962)**	-
Change in asset retirement obligation	**(403,384)**	5,309,290
Contributed tangible capital assets (note 13)	**(2,656,000)**	(2,947,965)
Earnings from Thunder Bay Hydro Corporation (note 5)	**(6,654,516)**	(3,945,781)
Loss (gain) on disposal of tangible capital assets	**(604,459)**	428,478
Changes in non-cash working capital balances:		
Accounts payable and accrued liabilities	**14,511,781**	22,681,327
Accounts receivable	**(8,908,257)**	(14,203,722)
Deferred revenue	**5,178,089**	9,089,705
Employe future benefits	**14,517,503**	6,824,649
Other assets	**186,000**	288,000
Prepaid expenses	**(1,145,847)**	772,553
Supplies inventory	**2,096,640**	3,126,550
Taxes receivable	**4,069,592**	(2,294,018)
User charges receivable	**2,720,608**	(3,214,821)
Cash provided by operating activities	**187,657,971**	164,711,191
Capital Activities		
Acquisition of tangible capital assets	**(118,357,454)**	(122,873,921)
Proceeds on disposal of tangible capital assets	**1,826,526**	357,472
Cash used in capital activities	**(116,530,928)**	(122,516,449)
Financing Activities		
Proceeds from municipal debenture debt	**8,600,280**	11,865,398
Repayment of municipal debenture debt	**(22,743,420)**	(24,193,100)
Cash used in financing activities	**(14,143,140)**	(12,327,702)
Investing Activities		
Net increase in investments	**(20,497,902)**	(7,235,806)
(Increase) decrease in long term receivable	**(431,845)**	290,088
Cash used in investing activities	**(20,929,747)**	(6,945,718)
Increase in cash	**36,054,156**	22,921,322
Cash, beginning of the year	**43,594,289**	20,672,967
Cash, end of year	**79,648,445**	43,594,289

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



THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Tbaytel (A Municipal Service Board established by the Corporation of the City of Thunder Bay)
Thunder Bay Community Economic Development Commission Inc
Thunder Bay Police Service Board
Thunder Bay Public Library Board
Victoria Avenue Business Improvement Area
Victoriaville Centre Board of Management
Waterfront District Business Improvement Area

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

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:

Lakehead Region Conservation Authority
Thunder Bay District Health Unit
The District of Thunder Bay Social Services Administration Board

Government Business Enterprise

Thunder Bay Hydro Corporation is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises where only the City's investment in the entity and the City's portion of net income and other changes in equity are recorded [note 5]. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the City's and inter-organizational transactions and balances are not eliminated.

Accounting for School Board Transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards, are not reflected in these consolidated financial statements [note 2].

Trust Funds

Trust funds and their related operations administered by the City are not included in the consolidated financial statements but are reported separately in the Trust Fund Financial Statements [note 3].



1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The City follows 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 in the period in which the goods or services are acquired, whether or not payment has been made or invoices received.

Employment Benefits

The City has adopted the following policies with respect to employment benefit plans:

The costs of vacation entitlements are charged as expenses when earned;

The costs of post-employment benefits, sick leave entitlements and Workplace Safety and Insurance Act ("WSIB") entitlements are recognized when the event that obligates the City occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis;

The costs of post-employment benefits, sick leave entitlements and WSIB entitlements are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, expected health care costs and plan investment performance;

Accrued obligations and related costs of funded benefits are net of plan assets;

The City amortizes the amount of any actuarial gains or losses over the expected average remaining service lifetime of the active members of the group and prior service costs are recognized in the period of the plan changes.

The contributions to a defined benefit pension plan are expensed when contributions are due.

Government Transfers

Government transfers which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made unless the transfer contains stipulations that create a liability. Transfers are recognized as deferred revenue when the transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations and accumulated surplus as the stipulation liabilities are settled.



1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Income

Investment income earned on surplus funds is reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue.

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 pooled funds, a high interest savings account and a guaranteed investment certificate and are reported at fair value.

Unrealized changes in market value are recognized in the Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gain or loss is reclassified from the Statement of Remeasurement Gains and Losses and recognized in the Statement of Operations and Accumulated Surplus.

Interest and dividends attributable to financial instruments are reported in the Statement of Operations and Accumulated Surplus

Taxes receivable, accounts receivable, user charges receivable and long term receivable 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 municipal debenture 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 fair value.



1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

General capital	
Land improvements	5 to 50 years
Buildings	10 to 60 years
Machinery and equipment	2 to 30 years
Vehicles	3 to 20 years
Network assets	6 to 45 years
Library collection	10 years
Infrastructure	
Land improvements	5 to 50 years
Buildings	30 to 60 years
Linear assets	10 to 80 years
Machinery and equipment	2 to 30 years

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

Tangible capital assets are written down when conditions indicate they no longer contribute to the City's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their book value. The net write-downs are accounted for as expenses in the statement of operations.

[ii] Contributions of Tangible Capital Assets

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

[iii] Leases

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

[iv] Supplies Inventory

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

Taxation Revenue

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. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Annually, the City bills and collects property tax revenues for municipal purposes as well as provincial education taxes on behalf of the Province of Ontario (the "Province") for education purposes. The authority to levy and collect property taxes is established under the *Municipal Act*, the *Assessment Act*, the *Education Act*, and other legislation.

The amount of the total annual property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council-approved polices, in order to raise the revenues required to meet operating budget requirements. Education tax rates are established by the Province each year to fund the cost of education on a Province-wide basis.

Property assessments, on which property taxes are based, are established by the Municipal Property Assessment Corporation ("MPAC"), a not-for-profit corporation funded by all of Ontario's municipalities. The current value assessment ("CVA") of a property represents an estimated market value of a property as of a fixed date. Assessed values for all properties within the municipality are provided to the City in the returned assessment roll in December of each year.

The amount of property tax levied on an individual property is the product of the CVA of the property (assessed by MPAC) and the tax rate for the class (approved by Council), together with any adjustments that reflect Council-approved mitigation or other tax policy measures.

Property taxes are billed by the City twice annually. The interim billing, issued in January, is based on 50% of the total property's taxes in the previous year, and provides for the cash requirements of the City for the initial part of the year prior to Council's approval of the final operating budget and the approved property tax levy for the year. Final bills are issued in June, following Council's approval of the capital and operating budget for the year, the total property tax levy, and the property tax rates needed to fund the City's operations.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation revenues are recorded at the time tax billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The City may receive supplementary assessment rolls over the course of the year from MPAC, identifying new or omitted assessments. Property taxes for these supplementary and/or omitted amounts are then billed according to the approved tax rate for the property class.

Taxation revenues in any year may also be reduced by reduction in assessment values resulting from assessment and/or property tax appeals. Each year, an amount is identified within the annual operating budget to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenues (e.g. uncollectible amounts, write-offs).

User Charges

User charges relate to telecommunication, transit fees, utility charges (water, wastewater and solid waste), licensing fees, fees for use of various programs, and fees imposed based on specific activities. Revenue for user charges resulting from transactions with performance obligations are recognized as the City satisfies performance obligations by providing the promised goods or services to the payor. User charges from transactions with no performance obligations are recognized when the City has the authority to claim or retain an inflow of economic resources and when a past transaction or event gives rise to an asset.

Other Revenue

Other revenues resulting from transactions with performance obligations are recognized as the City satisfies performance obligations by providing the promised goods or services to the payor. Other revenue from transactions with no performance obligations are recognized when the City has the authority to claim or retain an inflow of economic resources and when a past transaction or event gives rise to an asset. Amounts received which relate to revenues that will be earned in a subsequent year, are deferred revenue and reported as liabilities.

Deferred Revenue

Deferred revenue represents unfulfilled performance obligations. Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recorded as deferred revenue and are recognized as revenue in the year the performance obligations are satisfied, (the related expenses are incurred or services are performed).



1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Contaminated Sites Liability

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the City is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation operations, maintenance and monitoring.

Use of Estimates

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for uncollectible accounts, employee benefit liabilities, property tax assessment appeals, amortization of tangible capital assets, contingencies other accrued liability and amounts, timing and discount rate of asset retirement obligations. These estimates are based on management's best information and judgment. Actual amounts, which are accounted for as they become known, may differ significantly from these estimates.

2. OPERATIONS OF SCHOOL BOARDS

Taxation, other revenues and requisitions for the school boards amounting to **$30,358,201** [2024 - $30,184,330] are not reflected in these consolidated financial statements.



3. TRUST FUNDS

Trust funds administered by the City amounting to **$17,323,590** [2024 - $16,360,793] have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

Trust fund balances at December 31 are as follows:

	2025	2024
	$	**$**
Cemetery	**1,233,191**	1,216,057
Cemetery Marker Maintenance	**609,793**	580,252
Civic Employees Pension Trust Committee	**1,998**	1,998
Dawson Court Home for Aged	**2,020**	2,020
Employee Disability	**14,980,194**	13,979,881
Grandview Lodge Home for Aged	**4,945**	4,945
Lake Superior Regiment Memorial Hillcrest Park	**40,010**	38,769
Older Adults Centre	**233,344**	204,871
Pioneer Ridge Home for Aged	**16,769**	21,673
Provincial Land Tax	**201,326**	310,327
	17,323,590	16,360,793

4. INVESTMENTS

The City's investments are comprised of pooled funds, a high interest savings account and a guaranteed investment certificate. During the year, the City redeemed investments held with ONE Investment and reinvested the proceeds in ONE Investment pooled funds managed by Phillips, Hager & North (PH&N). These investments are quoted in an active market and measured at fair value at the reporting date. In the prior year, ONE Investment funds were measured at cost as they were not quoted in an active market.

	2025 $		2024 $	
	Market Value	**Cost**	Market Value	Cost
Canadian Fixed Income	**60,937,722**	**61,532,726**	28,643,539	27,717,739
Global Fixed Income	**10,809,514**	**10,805,304**	41,299,582	43,513,311
Canadian Equity Fund	**36,607,105**	**35,030,501**	18,954,489	16,530,446
Global Equities	**35,806,480**	**37,644,252**	41,241,445	34,164,234
Other	**103,511,695**	**103,511,695**	105,248,884	105,248,884
	247,672,516	**248,524,478**	235,387,939	227,174,614

5. INVESTMENT IN THUNDER BAY HYDRO CORPORATION

Thunder Bay Hydro Corporation

The Thunder Bay Hydro Corporation is wholly owned by the City and provides regulated and unregulated electric utility services and complementary commercial services. The following table provides condensed supplementary financial information for the Thunder Bay Hydro Corporation and its majority-owned subsidiary, SYNERGY NORTH Corporation and its wholly-owned subsidiaries, Thunder Bay Hydro Utility Services Inc. and Thunder Bay Hydro Renewable Power Incorporated, prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

	2025	2024
	$	**$**
Financial position		
Current assets	**52,913,505**	45,879,411
Capital assets	**200,899,491**	187,818,775
Long-term assets	**17,713,342**	19,212,370
Other assets	**1,283,286**	2,127,940
Total assets	**272,809,624**	255,038,496
Current liabilities	**26,598,882**	25,369,233
Long-term liabilities	**120,777,720**	111,801,936
Other liabilities	**527,188**	189,048
Total liabilities	**147,903,790**	137,360,217
Net assets	**124,905,834**	117,678,279
Proportionate share of other investor	**(13,411,489)**	(12,838,450)
City of Thunder Bay proportionate share	**111,494,345**	104,839,829
Results of operations		
Revenues	**171,395,593**	161,805,984
Operating expenses	**(164,048,038)**	(157,525,736)
Comprehensive income for the year	**7,347,555**	4,280,248
Less: Proportionate share of other investor	**(573,039)**	(259,467)
Less: Dividend to City of Thunder Bay	**(120,000)**	(75,000)
City of Thunder Bay proportionate share of income	**6,654,516**	3,945,781

5. INVESTMENT IN THUNDER BAY HYDRO CORPORATION (continued)

Thunder Bay Hydro Corporation (continued)

The City's investment in Thunder Bay Hydro Corporation is comprised of the following:

	2025	2024
	$	**$**
1,061 common shares	**41,931,625**	41,931,625
Promissory note	**16,490,500**	16,490,500
Accumulated other comprehensive income	**475,732**	459,246
Accumulated earnings from date of transfer	**52,596,488**	45,958,458
	111,494,345	104,839,829

The promissory note is receivable from Thunder Bay Hydro Corporation and is interest bearing, unsecured and due on demand, subject to a Subordination Agreement providing for no acceleration rights. Interest is due quarterly at the Established Rate, (The Ontario Energy Board's Deemed Long-Term Debt Rate, which is adjusted on an annual basis) 2025 - 4.51% [2024 – 4.58%].

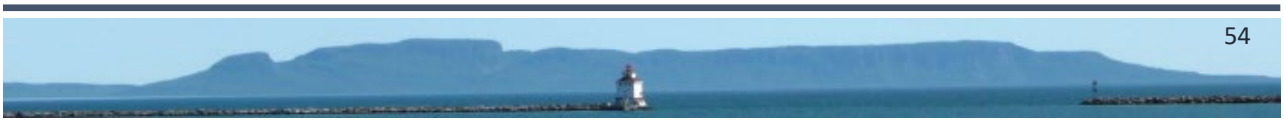
Thunder Bay Hydro Corporation's long-term liabilities include long-term debt. Expected principal repayments required over the next five years and thereafter assuming refinancing on maturity are as follows:

	$
2026	**2,456,343**
2027	**3,419,406**
2028	**1,970,707**
2029	**1,973,669**
2030	**1,990,565**
Thereafter	**59,546,729**
Total	**71,357,419**

Related Party Transaction

Thunder Bay Hydro Corporation provides certain services to the City in the normal course of business at commercial rates.

Thunder Bay Hydro Corporation billed the City for electricity in the amount of **$8,266,614** [2024 - $7,134,606]. At December 31, 2025, included in accounts payable and accrued liabilities is **$1,634,932** [2024 - $1,760,073] payable to Thunder Bay Hydro Corporation related to this expense.



6. BANK INDEBTEDNESS

The City has two unsecured demand revolving credit facilities, the first in the amount of **$10,000,000** [2024 - $10,000,000] for working capital and the second in the amount of **$15,000,000** [2024 - $15,000,000] for interim financing of capital projects, both of which **$nil** [2024 - $nil] was used at year-end and bear interest at the bank's prime rate less 0.88%.

Tbaytel's available revolving credit facilities include the following, the total of which shall not exceed $12,000,000 CDN at any time:

1) Revolving demand facility in USD funds at a floating rate of U.S. bank base or 7.25% at December 31, 2025. An amount of which **$nil** US [2024 - $nil US] is outstanding at December 31, 2025.

2) Revolving demand facility in CDN funds at a floating rate of bank prime less 0.5% or 3.95% at December 31, 2025. An amount of **$nil** CDN [2024 - $nil] is outstanding at December 31, 2025.

3) USD letters of credit or CDN or USD letters of guarantee. An amount of **$797,000** CDN [2024 - $345,000] is outstanding at December 31, 2025.

7. DEFERRED REVENUE

Deferred revenue is as follows:

	2025	2024
	$	**$**
Obligatory reserve funds		
Building Faster Fund	**1,050,629**	623,644
Building Permits	**4,404,396**	3,506,691
Canada Community Building Fund	**10,229,502**	15,156,683
Dedicated Gas Tax	**7,464,261**	6,739,549
MTO Transit Capital	**190,070**	173,422
Ontario Community Infrastructure Fund	**8,074,440**	6,287,321
Ontario Municipal Commuter Cycling	**130,377**	118,957
Parkland Dedication	**1,028,625**	878,161
Other	**28,469,888**	22,379,671
	61,042,188	55,864,099

7. DEFERRED REVENUE (continued)

The continuity of deferred revenue is as follows:

	2025 $	2024 $
Balance, beginning of year	**55,864,099**	46,774,394
Add:		
Building Faster Fund	**1,141,267**	609,623
Building Permits	**715,470**	440,666
Canada Community Building Fund	**7,129,244**	6,950,706
Dedicated Gas Tax	**1,478,641**	1,439,172
Developer and property owners contributions	**63,130**	113,933
Health and Safety Water Stream	**483,216**	-
House Enabling Water Systems Fund	**618,310**	-
Interest earned	**2,697,589**	1,278,329
Net contributions from current operations	**6,090,217**	6,021,758
Ontario Community Infrastructure Fund	**10,000,000**	10,000,000
	30,417,084	26,854,187
Less:		
Building Faster Fund contributions to capital	**790,966**	-
Building Permits contributions to capital	**180,105**	-
Canada Community Building Fund contributions to capital	**13,219,152**	6,889,840
Dedicated Gas Tax contributions to capital	**1,076,575**	472,814
Health and Safety Water Stream contributions to capital	**483,216**	-
Housing-Enabling Water Systems Fund contributions to capital	**618,310**	-
Ontario Community Infrastructure Fund contributions to capital	**8,870,671**	10,401,828
	25,238,995	17,764,482
Balance, end of year	**61,042,188**	55,864,099

8. FINANCIAL INSTRUMENTS

The City's financial instruments consist of cash, investments, taxes receivable, notes receivable, accounts receivable, user charges receivable, long term receivable, accounts payable, and accrued liabilities, and municipal debenture debt.

Credit Risk

Credit risk is the risk of financial loss to the City if a third party fails to meet its contractual obligations. The City is exposed to credit risk through its cash, taxes receivable, accounts receivable, user charges receivable and long term receivable. This risk is minimized due to a large and diverse customer base and cash is held with a major chartered bank.

Accounts receivable includes Tbaytel receivables that arise from normal operating activities. Tbaytel has established credit policies, collection practices, and historical experience that indicate low credit risk associated with these balances.

The remaining receivables primarily consist of amounts due from federal and provincial granting agencies, HST recoverable, and interest receivable. These balances represent very low credit risk, as they are due from senior levels of government and regulated entities with a demonstrated history of payment.

For all other regular operating receivables, the City maintains established credit policies and collection practices and holds security on many of the receivables. Historical experience indicates that these balances present low credit risk, with only a very minimal amount of receivables over 60 days past due.

The City maintains an allowance for doubtful accounts for potential credit losses based on management's estimates and assumptions on economic conditions, customer analysis and historical payment trends. Subsequent recoveries of receivables previously provisioned are recorded in the Statement of Operations and Accumulated Surplus. Management regularly reviews the collectability of accounts receivable and records an allowance for doubtful accounts when objective evidence of impairment exists. The reported receivable balances reflect this allowance, and as at year-end, management has concluded that overall credit risk exposure is minimal and that the allowance for doubtful accounts is not significant.

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

At year end, the amounts outstanding for the City's accounts receivable are as follows:

	2025	2024
	$	**$**
Current	**42,762,068**	39,773,912
31-60 days	**16,550,399**	16,442,532
61 to 90 days	**4,193,148**	5,784,895
Over 90 days	**33,899,023**	26,450,042
Less allowance for doubtful accounts	**(1,455,000)**	(1,410,000)
	95,949,638	87,041,381

Liquidity Risk

Liquidity risk is the risk that the City will not be able to meet its financial obligations as they become due. The City is exposed to liquidity risk through its accounts payable and accrued liabilities and municipal debenture debt. The City's budgeting process helps determine the funds required for normal operating requirements on an on-going basis. The City ensures there are sufficient funds to meet its short term requirements, taking into account its anticipated cash flows from operations, the holding of cash and investments, and ability to access credit facilities.

Accounts payable are primarily due and settled within 90 days of receipt of an invoice. The contractual maturities of municipal debenture debt are disclosed in Note 11.

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

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The City has limited exposure to fluctuating values of foreign currency. The City may purchase goods and services, payable in US dollars, and purchases US currency to meet the related payable commitments when required. The impact of these transactions is not material to the financial statements. Although the City is exposed to currency risk through its investment in global equity and global bond funds, this risk is mitigated through holding a diverse portfolio with multiple asset classes and investments are made in accordance with an approved Investment Policy Statement.

Monetary assets and liabilities denominated in foreign currency are translated at the prevailing rate of exchange at year end. Revenue and expenses are translated at the exchange rate prevailing on the transaction date. Exchange gains and losses are included in the Consolidated Statement of Operations and Accumulated Surplus.

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

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 subject to interest rate risk on municipal debenture debt (the possibility that market rates for debt with similar terms will decrease below the fixed rate) but minimizes the risk by issuing long term fixed rate debenture debt.

The City has revolving credit facilities with variable interest rates that allow for short term borrowings for working capital purposes and interim financing of capital projects. This risk is minimized by continuously monitoring cash flow balances to minimize the interest expense. Interest earned on cash balances also mitigates the cost of borrowing up to the amount of cash on hand.

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 a participating municipality in the ONE Joint Investment Board and holds a portfolio managed by Phillips, Hager & North (PH&N) which operates under the regulations of the Municipal Act and holds a high interest savings account with ONE Investment.

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

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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The City is exposed to price risk through its investments which include equity pooled funds. To mitigate this risk, the investment portfolio is managed by Phillips, Hager & North (PH&N), diversified among multiple asset classes, and investments are made in accordance with an approved Investment Policy Statement. Investments are recorded at fair value and changes in market prices are recognized in the Statement of Remeasurement Gains and Losses. At December 31, 2025 the impact of a 10% change in the market value of investments with all other variables held consistent is estimated to change the remeasurement gains and losses for 2025 by $24,767,300.

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



Classification

The carrying value of each class of the City's financial instruments is provided in the following table:

	2025 $		2024 $	
	Fair Value	**Cost/ Amortized Cost**	Fair Value	Cost/ Amortized Cost
Cash	**79,648,445**	**-**	43,594,289	-
Investments	**247,672,516**	**-**	-	227,174,614
Taxes receivable	**-**	**13,575,726**	-	17,645,318
Accounts receivable	**-**	**95,949,638**	-	87,041,381
User charges receivable	**-**	**15,186,894**	-	17,907,502
Long Term receivable	**-**	**2,370,304**	-	1,938,459
Accounts payable and accrued liabilities	**-**	**115,856,966**	-	101,345,185
Municipal debenture debt	**-**	**176,352,068**	-	190,495,208
	327,320,961	**419,291,596**	43,594,289	643,547,667

Fair Value Hierarchy

The City classifies fair value measurements using a fair value hierarchy. The hierarchy levels reflect the inputs used in measuring fair value, as described below:

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As of December 31, 2025, cash is classified as Level 1, Investments are classified as Level 2, and there are no financial instruments classified as Level 3. Investments include pooled funds managed by Phillips, Hager & North (PH&N) as disclosed in Note 4. Fair values for 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. There were no transfers between Level 1, Level 2 or Level 3 for the year ended December 31, 2025.

9. PENSION AGREEMENTS

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

During the year ended December 31, 2025, the City contributed **$21,774,813** [2024 - $20,433,881] for current service, which is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

Because OMERS is a multi-employer plan, the City does not recognize any share of pension plan deficit of **$1.3** billion [2024- a deficit of $2.9 billion] based on fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipalities and their employees.



10. EMPLOYEE FUTURE BENEFITS

The City provides certain employee benefits which will require funding in future periods.

	2025	2024
	$	**$**
Sick leave benefits	**9,092,000**	8,509,100
Vacation pay	**5,298,825**	5,024,922
Post-employment benefits	**48,300,400**	46,218,600
WSIB	**72,298,300**	60,719,400
	134,989,525	120,472,022

[a] Under the sick leave benefit plan, unused sick leave can accumulate, and certain employees may be entitled to a cash payment when they retire or leave the City's employment or pay for sick leave in excess of the current year entitlement. The City recognizes these costs in the period in which the employees rendered the services. The accrued benefit liability at December 31, 2025, of **$9,092,000** [2024-$8,509,100] was determined by an actuarial valuation prepared for the year ended December 31, 2022, and updated for 2025. An amount of **$2,493,241** [2024- $2,274,854] has been set aside in a sick pay liability reserve fund to offset this liability.

The main actuarial assumptions employed for the valuation of vested and non-vested sick leave benefits are as follows:

Interest (discount) rate

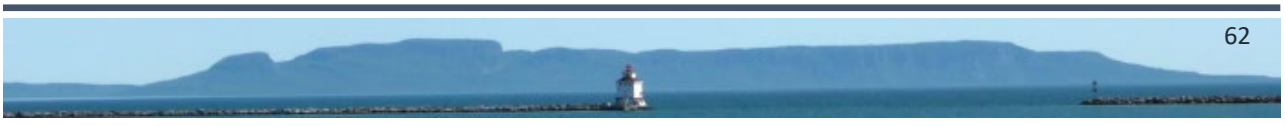
The obligation as at December 31, 2025, of the present value of future liabilities and the expense for the year then ended was determined using an annual discount rate of 4.50% [2024 - 4.60%].

Salary levels

Future general salary and wage levels were assumed to increase at 3.00% per annum, reflecting the expected Consumer Price Index adjusted for productivity, merit and promotion.

[b] Vacation entitlements earned by the employees are converted to a cash payment when they retire or leave the City's employment.

[c] The City pays certain post employment benefits on behalf of its retired employees and recognizes these post employment costs in the period in which the employees rendered the services. The accrued benefit obligation at December 31, 2025, of **$42,734,619** [2024 - $39,111,836] was determined by an actuarial valuation prepared for the year ended December 31, 2025. An amount of **$6,544,326** [2024 - $5,971,099] has been set aside in a post employment benefits reserve fund to offset this liability.



10. EMPLOYMENT FUTURE BENEFITS (continued)

Information about the City's post employment non-pension benefit plan is as follows:

	2025	2024
	$	**$**
Accrued benefit liability recognized in the financial statements	**48,300,400**	46,218,600
Unrecognized actuarial gain	**(5,565,781)**	(7,106,764)
Accrued benefit liability	**42,734,619**	39,111,836
Expense for the year	**4,376,800**	2,991,120
Benefits paid for the year	**(2,296,000)**	(2,242,400)

The main actuarial assumptions employed for the valuation are as follows:

Interest (discount) rate

The obligation as at December 31, 2025, of the present value of future liabilities and the expense for the year then ended was determined using an annual discount rate of 4.40% to 4.50% [2024 - 4.10% to 4.60%].

Medical and dental costs

Medical costs were assumed to increase by 4.50% to 4.60% in 2025, with further annual increases gradually declining to 4.00% to 4.50% in 2040 and each year thereafter. Dental costs were assumed to increase by 4.50% to 4.60% in 2025 declining to 4.00% to 4.50% in 2040. Drug costs were assumed to be 8.00% in 2025 reducing by 0.175% each year to ultimate rate of 4.50% in 2045.

[d] The City elected to be under Schedule 2 of the Workplace Safety and Insurance Act and hence, effectively self-insures its workers' compensation claims. The estimated future benefit costs (including administration costs) at December 31, 2025, of **$72,298,300** [2024 - $60,719,400] were determined by an actuarial valuation prepared for the year ended December 31, 2025. An amount of **$2,692,362** [2024 - $2,217,484] has been set aside in a WSIB reserve fund to offset this liability.

11. MUNICIPAL DEBENTURE DEBT

[a] The balance of municipal debt reported on the Consolidated Statement of Financial Position totaling **$176,352,068** [2024 - $190,495,208] is comprised of debenture debt and construction financing outstanding at year-end incurred by the City.

The balance of municipal debenture debt is **$174,973,449** [2024 - $183,715,698], bearing interest rates ranging from 1.49% to 5.06% and maturing from 2026 to 2045.

The balance of construction financing is **$1,378,619** [2024 - $6,779,510] and is comprised of short-term advancements on a debenture based on incurred costs. All construction financing will be converted to a long-term debenture when project costs are complete.

The breakdown of the balance owing is as follows:

	2025	2024
	$	**$**
Debenture debt		
Tax supported	**46,153,504**	47,711,518
Rate supported	**96,344,945**	101,079,180
Tbaytel	**32,475,000**	34,925,000
Total debenture debt	**174,973,449**	183,715,698
Construction financing		
Tax supported	**1,147,500**	2,332,681
Rate supported	**231,119**	4,446,829
Total construction financing	**1,378,619**	6,779,510
Total debt	**176,352,068**	190,495,208

[b] Principal repayments of municipal debenture debt are due as follows:

	$
2026	**19,869,433**
2027	**17,682,719**
2028	**16,008,241**
2029	**15,259,406**
2030	**14,132,871**
2031 and thereafter	**92,020,779**
Total	**174,973,449**

[c] The long-term liabilities in [a] issued in the name of the City have been approved by by-law. The 2026 annual principal and interest payments required to service these liabilities are within the 2026 annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing of $142,757,932. The City has available $112,203,656, based on this annual debt repayment limit.

11. MUNICIPAL DEBENTURE DEBT (continued)

[d] Total payments for the year for municipal debenture debt are as follows:

	2025	2024
	$	**$**
Principal payments	**22,743,420**	24,193,100
Interest payments	**6,133,555**	6,361,176
Total	**28,876,975**	30,554,276

12. ASSET RETIREMENT OBLIGATION

The City's financial statements include asset retirement obligations for future asbestos remediation, decommissioning of towers, landfill closure and post-closure care requirements, retirement of underground fuel storage tanks and restoration of leased lands. 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 range of 4.50% to 4.60% (2024 – 4.50% to 4.60%). The estimated total undiscounted future expenditures are $46,806,624 (2024 - $52,241,656), which are to be incurred over the next 50 years. The liability is expected to be settled by 2075.

	2025	2024
	$	**$**
Asset retirement obligation, beginning of the year	**27,839,502**	21,766,327
Liabilities incurred during the year	**37,960**	-
Liabilities settled during the year	**(805,775)**	(631,677)
Changes in estimates	**364,431**	5,940,967
Increase due to accretion expense	**898,766**	763,885
Asset retirement obligation, end of year	**28,334,884**	27,839,502

13. TANGIBLE CAPITAL ASSETS

Schedule 1 provides information on the tangible capital assets of the City by major asset class, including cost, accumulated amortization and the net book value of the assets.

During the year no interest was capitalized [2024 - $nil], there were write-downs of tangible capital assets of **$nil** [2024 - $nil] and contributed tangible capital assets of **$2,656,000** [2024 - $2,947,965]. Contributed tangible capital assets consist of linear and network assets.

Certain assets have been recorded at a nominal value due to the difficulty in determining an appropriate value. These assets include road allowances relating to the roads network, certain land segments acquired through land swaps and some parkland segments.

Works of art, artifacts, natural resources, cultural and historic assets are not recorded as assets in the financial statements as a reasonable estimate of the future economic benefits associated with such property cannot be made.



14. GOVERNMENT TRANSFERS

	2025 $	2024 $
Revenues		
Government of Canada grants	**25,328,426**	16,375,284
Province of Ontario grants	**91,171,815**	84,485,636
Total Revenues	**116,500,241**	100,860,920
Expenses		
External transfers to others	**30,456,865**	26,758,404
Total Expenses	**30,456,865**	26,758,404

15. CONTINGENCIES

There were numerous claims and litigation in dispute at December 31, 2025 for which the amount of settlement, if any, is indeterminable at this time. The settlements, if any, will be expensed in the Consolidated Statement of Operations in the year in which the amount is determinable. No provision has been made in these consolidated financial statements in respect of the above claims and litigation.

16. COMMITMENTS

[a] The City has various operating leases pertaining to certain premises and equipment and service agreements. The future minimum lease payments over the next five years are as follows:

	$
2026	**6,940,651**
2027	**3,726,502**
2028	**1,908,524**
2029	**979,932**
2030	**526,982**

[b] Tbaytel has provided a letter of guarantee from the Royal Bank to WSIB in the amount of $797,000 [2024-$345,000].

[c] Tbaytel has a Strategic Business Relationship Agreement with Rogers which provides Tbaytel access to Rogers' Spectrum, Core network and other services. Payments to Rogers over the next year in accordance with the Agreement are $8,976,000.

[d] The Thunder Bay Community Economic Development Commission Inc. has committed a total of $3,258,204 to various organizations. Scheduled payments are made at the time these organizations meet previously agreed upon criteria.

17. PUBLIC LIABILITY INSURANCE

The City is self-insured for public liability claims up to $1,000,000 for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits.

Self-insured claims settled and accrued during the year amounting to **$887,858** [2024 - $1,207,146] are reported as an expense in the Consolidated Statement of Operations and Accumulated Surplus.

18. NON-CONSOLIDATED ENTITIES

Thunder Bay District Health Unit

The Thunder Bay District Health Unit is established under the Health Protection and Promotion Act and provides programs and services in accordance with the legislative mandate for Boards of Health in Ontario and delivers a wide range of services to citizens of the District of Thunder Bay.

The following table provides condensed supplementary financial information for the Thunder Bay District Health Unit prepared in accordance with Canadian public sector accounting standards.

	2025	2024
	$	**$**
Financial position		
Financial assets	**6,755,533**	9,360,220
Financial liabilities	**(5,457,327)**	(8,256,844)
Net financial assets	**1,298,206**	1,103,376
Non-financial assets	**4,869,468**	5,004,364
Accumulated surplus	**6,167,674**	6,107,740

	2025	2024
	$	**$**
Results of operations		
Revenues other than municipal levies	**19,139,387**	20,093,818
Municipal levies	**3,758,732**	3,579,746
Expenses	**(22,838,185)**	(23,520,222)
Annual surplus	**59,934**	153,342

The City's share of the municipal levies was **$3,004,000** [2024 - $2,860,952].



18. NON-CONSOLIDATED ENTITIES (continued)

The District of Thunder Bay Social Services Administration Board

Effective April 1, 1999, pursuant to provincial legislation, The District of Thunder Bay Social Services Administration Board was formed to accommodate the provincial government's requirement to consolidate the delivery of Social Services. The Board delivers provincially mandated services on behalf of the citizens of the District of Thunder Bay.

The following table provides condensed supplementary financial information for The District of Thunder Bay Social Services Administration Board, including its wholly-owned subsidiary, Thunder Bay District Housing Corporation, prepared in accordance with Canadian public sector accounting standards.

	2025	2024
	$	**$**
Financial position		
Financial assets	**75,943,461**	69,875,587
Long-term debt	**(4,161,186)**	(6,131,472)
Other liabilities	**(42,361,429)**	(41,839,250)
Net assets	**29,420,846**	21,904,865
Non-financial assets	**36,366,871**	37,742,896
Accumulated surplus	**65,787,717**	59,647,761

	2025	2024
	$	**$**
Results of operations		
Revenues other than municipal levies	**96,080,762**	89,598,586
Municipal levies	**26,456,100**	25,233,000
Other income	**3,439,666**	2,372,299
Expenses	**(120,631,739)**	(112,332,626)
Annual surplus	**5,344,789**	4,871,259

The City's share of the municipal levies was **$18,555,541** [2024 - $17,753,560].

19. SEGMENTED INFORMATION

The City is a diversified municipal government institution that provides a wide range of services to its citizens. Segmented information has been prepared by major functional classification of activities provided, consistent with the consolidated statement of operations and accumulated surplus and provincially legislated requirements. For each reported segment, revenues and expenses represent both amounts attributable to the segment and amounts that are allocated on a reasonable basis.

The segmented information is provided in Schedule 3 to the consolidated financial statements and includes the following segments:

General Government

General Government comprises various administrative services, including Finance & Corporate Services, Legal Services, Realty Services, City Manager's Department, Facilities & Fleet Services, Mayor and Council, and Emergency Planning including emergency evacuations.

Protection to Persons and Property

Protection to persons and property is comprised of Police Services, Fire Services, Protective Inspection and Control, Thunder Bay Court Services and Emergency Measures. The mandate of Police Services is to ensure the safety of the lives and property of citizens, preserve peace and good order, prevent crimes from occurring, detect offenders, and enforce the law. The Fire Services department is responsible for fire suppression, fire prevention programs, training and education related to prevention, detection or extinguishment of fires. Protective Inspection and Control ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws for the protection of occupants. Thunder Bay Court Services administers prosecutions and the collection of related fines and fees under the authority of the Provincial Offences Act. Also included in Protection to Persons and Property is the City's contribution to the Lakehead Region Conservation Authority.

Transportation Services

Transportation services include Roadways, Winter Control, Transit, Parking and Street Lighting. Roadways cover the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, bridges, culverts, sidewalks, crossing guards and traffic lights. Winter Control includes snowplowing, sanding and salting, snow removal and flood control. The Transit division is responsible for providing local public transportation service including specialized public transportation. Parking Services is responsible for the planning, development and maintenance of parking lots, meters and parkades, including enforcement of parking regulations. Street Lighting plans, develops and maintains the street lighting system.

Environmental Services

Environmental services consist of Waterworks, Sanitary Sewer, Storm Sewer, Waste Collection and Disposal and Recycling. Waterworks provides drinking water to the citizens of Thunder Bay. Sanitary Sewer collects and treats wastewater. Storm Sewer provides surface water management. Waste Collection, Disposal and Recycling includes the collection of solid waste, landfill site operations and waste minimization programs.



19. SEGMENTED INFORMATION (continued)

Health Services

Health Services includes Cemeteries, Ambulance Services, and the City's contribution to the Thunder Bay District Health Unit.

Social and Family Services

Social and Family Services include General Assistance, Senior Services and Child Care. General Assistance includes the City's contribution to the District of Thunder Bay Social Services Administration Board. Under Senior Services, the City operates a long term care facility, the 55+ Centre, and provides services to seniors, including meals on wheels, friendly visiting program and Jasper Apartments. Child Care includes the operating and maintenance of childcare centres.

Social Housing

Social Housing includes encampment response. The Encampment Response section leads coordinated, compassionate outreach to individuals living unsheltered, supporting connections to health and social services.

Recreation and Cultural Services

Recreation and Cultural Services include Parks, Recreation Programs and Facilities, Thunder Bay Public Library and contributions to Cultural Organizations. The City provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs, the development and maintenance of various recreational facilities (including golf courses and the marina), and the maintenance of parks and open spaces. The Thunder Bay Public Library is dedicated to providing community access to local and global information resources that support lifelong learning, research and leisure activities. The City contributes to various cultural organizations under specific funding programs.

Planning and Development

Development services manages urban development for business interest, environmental concerns, heritage matters, local neighbourhoods and residential housing and the downtown through city planning and community development and approval of all land development plans. Also included in Planning and Development are the activities of the Thunder Bay Community Economic Development Commission Inc., two Business Improvement Areas (BIAs), and Victoriaville Centre.

Tbaytel

Tbaytel was established as a Municipal Service Board to govern, control, maintain, operate and manage the City’s provision of telecommunication services.

20. BUDGET INFORMATION

Budgets are established to set tax rates or to finance projects which may be carried out over one or more years. Budget figures have been reclassified for purposes of these consolidated financial statements to comply with PSAB reporting requirements and are not audited. The chart below reconciles the approved budget with the budget figures as presented in these consolidated financial statements.

	2025 $
Revenues	
Approved Budget	
Operating	**487,805,600**
Capital	**162,522,100**
Consolidated Boards	**205,291,101**
	855,618,801
Adjustments	
Transfer from reserves to operating	**(2,054,700)**
Obligatory Reserve Funds	**(19,107,100)**
In year budget adjustments - capital	**20,430,705**
Financial statement presentation adjustments	**11,538,883**
Reduction due to tangible capital asset accounting	**(162,522,100)**
Reclassification of taxation	**(254,400)**
Total Revenues	**703,650,089**
Expenses	
Approved Budget	
Operating	**487,805,600**
Capital	**162,522,100**
Consolidated Boards	**175,130,101**
	825,457,801
Adjustments	
Amortization of tangible capital assets	**48,696,902**
Accretion of ARO	**744,968**
Transfer to reserves	**(40,559,300)**
Reduction due to tangible capital asset accounting	**(162,522,100)**
Capital out of revenue	**(22,642,500)**
Post employment benefit expense	**14,647,503**
Financial statement presentation adjustments	**(4,764,100)**
Reclassification of taxation	**(254,400)**
Debt principal payments	**(20,204,800)**
Operating expenses budgeted in capital expensed in current year	**28,680,913**
Total Expenses	**667,280,887**
Loss on disposal of tangible capital assets	**(94,000)**
Annual Surplus	**36,275,202**

(A) Amortization of tangible capital assets does not include the amortization of the Consolidated Boards ($38,177,000) and acquisitions of tangible capital assets ($58,473,000), these amounts are included in their approved budget.



21. FLOOD EVENT

On May 28, 2012, the City of Thunder Bay experienced a severe rainfall event, which resulted in the flooding of the Atlantic Avenue Secondary Sewage Treatment Plant (the "Plant") and basement flooding in certain areas of the City. On June 8, 2012, the Province of Ontario declared the City of Thunder Bay a disaster area for the purposes of the Ontario Disaster Relief Assistance Program ("ODRAP").

The City is currently in a dispute with its insurer, which has denied the claim based upon a disagreement over the proper allocation of repair costs for purposes of coverage under the insurance policy. The City believes that the basis for the denial of the claim is invalid and has initiated legal action against its insurers and the claims adjusters. As this amount is in dispute and the outcome of the action is indeterminable, in accordance with PSAB standards the City has not recognized the balance in dispute and will record the amount of any recovery when received.

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 Conceptual Framework, which consists of PS 1000 Financial Statement Concepts, and PS 1100 Financial Statement Objectives. The City has not yet adopted this 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 Statements 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 AMOUNTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the current year financial statements.



24. The Corporation of the City of Thunder Bay Child Care Centres

The following table provides condensed supplementary financial information for City of Thunder Bay Child Care Centres.

Combined Statement of Operations

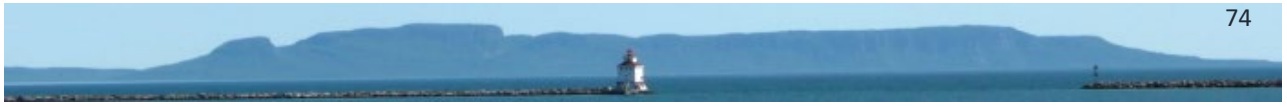
December 31, 2025	2025 Budget $	2025 $	2024 $
Revenue			
Thunder Bay District Social Services Administration Board			
Fee subsidy	**317,500**	70,323	181,533
General operating	**727,100**	16,799	807,830
Financial stability funding	**-**	-	68,602
CWELCC funding	**696,000**	2,979,388	644,140
	1,740,600	3,066,510	1,702,105
Parent fees	**982,800**	925,492	873,142
Support partner	**-**	4,459	2,259
City capital reserve contribution	**-**	62,237	68,850
Miscellaneous	**-**	2,275	1,421
	2,723,400	4,060,973	2,647,777
Expenditures			
Administration	**201,900**	428,336	390,227
Capital expenses	**-**	62,237	68,850
Cleaning	**9,100**	6,663	8,780
Equipment purchases	**11,500**	24,664	9,397
Insurance	**29,400**	1,332	1,252
Maintenance	**115,300**	136,822	113,054
Office	**73,900**	23,887	32,432
Professional fees	**4,400**	5,104	4,484
Rent	**76,600**	76,893	75,563
Supplies	**159,000**	151,973	212,057
Travel and training	**3,600**	2,381	7,488
Utilities	**16,200**	7,114	19,277
Wages and benefits	**3,212,000**	3,042,375	2,780,771
	3,912,900	3,969,781	3,723,632
Net surplus (deficit)	**(1,189,500)**	91,192	(1,075,855)

THE CORPORATION OF THE CITY OF THUNDER BAY

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Schedule 1

	General Capital							Infrastructure						Total	
As at December 31,	Land	Land Improvements	Buildings	Machinery & Equipment	Vehicles	Network Assets	Library Collection	Land	Land Improvements	Building	Linear Assets	Machinery & Equipment	Assets Under Construction (AUC)	2025	2024
	$	$	$	$	$	$	$	$	$	$	$	$		$	$
Cost															
Balance, beginning of year	27,562,362	87,347,411	267,168,939	139,417,799	98,192,885	795,758,000	4,526,111	1,480,698	20,351,492	262,993,640	1,253,672,962	20,952,955	46,879,571	**3,026,304,825**	2,911,838,503
Add: Additions	253,599	947,910	8,622,568	8,848,970	11,400,433	33,140,000	192,019	-	-	-	15,626,480	2,037,095	37,288,380	**118,357,454**	122,873,921
Add: Contributed tangible capital assets	-	-	-	-	-	2,656,000	-	-	-	-	-	-	-	**2,656,000**	2,947,965
Add: Transfers from AUC	-	83,920	8,142,291	5,089,868	863,625	8,381,000	-	-	-	-	7,680,597	129,282	(30,370,583)	**-**	-
Less: Disposals	49,428	454,134	550,680	1,765,238	3,991,101	73,000	189,513	-	294,347	-	2,871,528	275,562	-	**10,514,531**	11,355,564
Balance, end of year	27,766,533	87,925,107	283,383,118	151,591,399	106,465,842	839,862,000	4,528,617	1,480,698	20,057,145	262,993,640	1,274,108,511	22,843,770	53,797,368	**3,136,803,748**	3,026,304,825
Accumulated Amortization															
Balance, beginning of year	-	48,531,729	129,884,063	104,137,517	57,981,843	481,717,000	3,802,624	-	8,938,587	133,772,507	845,968,606	8,099,805	-	**1,822,834,281**	1,748,315,787
Add: Amortization	-	3,282,374	8,052,242	8,767,481	7,079,446	31,348,000	210,580	-	209,193	7,315,992	21,121,901	1,201,226	-	**88,588,435**	85,088,108
Less: Accumulated Amortization on disposals	-	454,134	342,637	1,761,854	3,864,485	68,000	189,513	-	-	-	2,356,190	255,651	-	**9,292,464**	10,569,614
Balance, end of year	-	51,359,969	137,593,668	111,143,144	61,196,804	512,997,000	3,823,691	-	9,147,780	141,088,499	864,734,317	9,045,380	-	**1,902,130,252**	1,822,834,281
Net Book Value of Tangible Capital Assets	27,766,533	36,565,138	145,789,450	40,448,255	45,269,038	326,865,000	704,926	1,480,698	10,909,365	121,905,141	409,374,194	13,798,390	53,797,368	**1,234,673,496**	1,203,470,544



THE CORPORATION OF THE CITY OF THUNDER BAY

CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS

Schedule 2

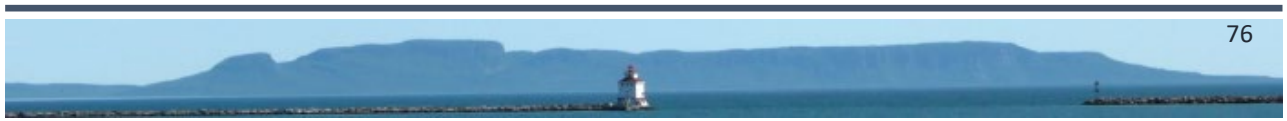
As at December 31,	2025	2024
	$	$
Surplus		
Investment in tangible capital assets	**1,234,673,496**	1,203,470,544
Municipal debenture debt	**(176,352,068)**	(190,495,208)
Investment in Thunder Bay Hydro Corporation	**111,494,345**	104,839,829
General fund	**46,963,044**	37,988,894
Employee future benefits	**(134,989,525)**	(120,472,022)
Asset retirement obligation	**(28,334,884)**	(27,839,502)
	1,053,454,408	1,007,492,535
Reserves		
Capital reserves	**36,971,839**	33,428,991
Other	**17,524,615**	16,527,096
Stabilization	**12,093,036**	11,702,574
Working capital	**4,300,000**	4,300,000
	70,889,490	65,958,661
Reserve funds		
Capital reserve funds	**99,283,739**	84,218,326
Economic development	**4,797,973**	4,485,879
Indoor turf	**18,052,453**	14,160,682
Post-employment benefits	**6,544,326**	5,971,099
Recreation	**4,452,965**	3,733,367
Renew Thunder Bay	**28,375,501**	28,101,742
Vested property rehabilitation	**6,460,248**	5,894,385
Vested sick leave	**2,493,241**	2,274,854
WSIB	**2,692,362**	2,217,484
Other	**9,247,529**	6,120,239
	182,400,337	157,178,057
Total reserves and reserve funds	**253,289,827**	223,136,718
Accumulated Operating Surplus	**1,306,744,235**	1,230,629,253

THE CORPORATION OF THE CITY OF THUNDER BAY

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

Schedule 3

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
For the year ended December 31,										
Revenues										
Taxation, net	**242,829,974**	232,861,338	**-**	-	**-**	-	**-**	-	**-**	-
Fees and service charges	**5,179,823**	4,960,915	**2,822,055**	2,555,856	**9,294,223**	9,217,555	**71,071,998**	67,234,086	**222,289**	167,687
Government of Canada grants	**19,528,308**	8,476,511	**237,813**	104,361	**2,846,225**	2,370,779	**776,391**	949,261	**-**	-
Province of Ontario grants	**36,752,423**	32,942,211	**5,698,371**	5,272,509	**4,762,378**	4,312,594	**16,184**	1,170,709	**24,297,822**	22,873,481
Contributed tangible capital assets	**-**	179,965	**-**	-	**-**	-	**-**	-	**-**	-
Investment income	**17,630,745**	7,060,734	**43,980**	27,227	**828,030**	334,418	**4,466,645**	2,209,835	**264,602**	140,802
Other	**8,311,516**	6,501,980	**6,843,754**	6,522,734	**1,208,225**	1,212,536	**1,122,187**	806,892	**3,760,887**	3,342,075
Tbaytel fees and service charges	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Total revenues	**330,232,789**	292,983,654	**15,645,973**	14,482,687	**18,939,081**	17,447,882	**77,453,405**	72,370,783	**28,545,600**	26,524,045
Expenses										
Salary, wages and employee benefits	**38,303,242**	37,831,846	**104,928,414**	99,178,446	**22,488,676**	20,973,378	**18,578,091**	17,523,068	**31,481,892**	30,196,412
Long term debt interest	**232,886**	200,077	**88,374**	102,917	**713,545**	743,016	**3,767,812**	3,909,406	**215,632**	194,511
Materials	**37,621,092**	33,601,374	**7,771,180**	5,554,646	**7,783,186**	7,593,383	**12,820,032**	12,497,353	**3,288,603**	3,407,184
Contracted services	**8,319,000**	8,143,546	**2,576,058**	2,965,827	**13,345,341**	8,278,879	**13,327,299**	14,006,411	**2,006,491**	1,010,033
Rents & financials	**3,035,880**	3,026,747	**460,715**	456,231	**1,257,845**	1,048,017	**2,556,503**	2,821,006	**556,842**	680,884
External transfers to others	**-**	-	**2,010,431**	1,993,037	**-**	-	**-**	-	**3,004,000**	2,860,952
Interfunctional and program support	**(55,297,658)**	(52,130,220)	**4,693,692**	3,511,049	**16,536,137**	16,727,042	**12,317,123**	11,625,542	**2,357,298**	2,052,086
Unfunded liabilities	**(141,872)**	181,408	**17,155,443**	3,741,516	**(389,176)**	394,302	**(219,044)**	231,827	**(634,539)**	1,825,887
Amortization of tangible capital assets	**1,057,868**	1,034,102	**2,765,992**	2,743,794	**19,227,949**	18,612,160	**17,332,683**	16,586,597	**1,686,402**	1,748,032
Total expenses	**33,130,438**	31,888,880	**142,450,299**	120,247,463	**80,963,503**	74,370,177	**80,480,499**	79,201,210	**43,962,621**	43,975,981
Net revenues (expenses)	**297,102,351**	261,094,774	**(126,804,326)**	(105,764,776)	**(62,024,422)**	(56,922,295)	**(3,027,094)**	(6,830,427)	**(15,417,021)**	(17,451,936)

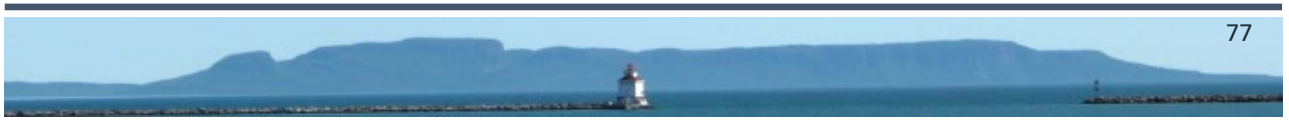


THE CORPORATION OF THE CITY OF THUNDER BAY

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

Schedule 3

	Social and Family Services		Recreation and Cultural Services		Planning and Development		Social Housing		Tbaytel	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
For the year ended December 31,										
Revenues										
Taxation, net	**-**	-	**-**	-	**-**	-	**-**	**-**	**-**	-
Fees and service charges	**10,630,432**	9,275,571	**12,306,072**	11,175,277	**1,813,626**	1,724,448	**-**	**-**	**-**	-
Government of Canada grants	**-**	101,083	**1,313,672**	3,892,471	**471,372**	480,818	**154,645**	**-**	**-**	-
Province of Ontario grants	**16,187,777**	15,107,643	**3,126,349**	2,572,975	**330,511**	233,514	**-**	**-**	**-**	-
Contributed tangible capital assets	**-**	-	**-**	-	**-**	-	**-**	**-**	**2,656,000**	2,768,000
Investment income	**303,342**	122,341	**2,213,465**	1,071,649	**736,941**	416,270	**-**	**-**	**937,000**	663,000
Other	**-**	-	**1,109,415**	607,951	**4,158,053**	1,279,631	**917,147**	**-**	**17,418,137**	13,263,000
Tbaytel fees and service charges	**-**	-	**-**	-	**-**	-	**-**	**-**	**207,773,000**	206,957,000
Total Revenues	**27,121,551**	24,606,638	**20,068,973**	19,320,323	**7,510,503**	4,134,681	**1,071,792**	**-**	**228,784,137**	223,651,000
Expenses										
Salary, wages and employee benefits	**24,569,232**	24,397,007	**23,704,593**	23,099,981	**5,283,949**	3,920,998	**78,820**	**-**	**38,446,000**	38,130,000
Long term debt interest	**-**	-	**133,306**	140,249	**-**	-	**-**	**-**	**982,000**	1,071,000
Materials	**4,833,866**	4,205,993	**8,284,322**	10,978,822	**5,946,145**	4,405,987	**395,594**	**-**	**91,988,268**	88,545,436
Contracted services	**1,438,820**	1,391,311	**5,752,109**	3,479,876	**1,672,588**	2,612,754	**24,524**	**-**	**-**	-
Rents & financials	**218,672**	165,204	**729,074**	841,165	**187,396**	164,217	**-**	**-**	**155,000**	151,000
External transfers to others	**19,375,541**	17,753,560	**5,719,412**	3,803,421	**347,481**	347,434	**-**	**-**	**-**	-
Interfunctional and program support	**3,007,040**	2,575,565	**14,353,199**	13,906,472	**2,023,879**	1,732,464	**9,290**	**-**	**-**	-
Unfunded liabilities	**(1,290,557)**	418,258	**(189,291)**	105,523	**356,539**	5,926	**-**	**-**	**-**	-
Amortization of tangible capital assets	**402,706**	402,336	**6,674,466**	6,546,804	**437,369**	598,283	**-**	**-**	**39,003,000**	36,816,000
Total expenses	**52,555,320**	51,309,234	**65,161,190**	62,902,313	**16,255,346**	13,788,063	**508,228**	**-**	**170,574,268**	164,713,436
Net revenues (expenses)	**(25,433,769)**	(26,702,596)	**(45,092,217)**	(43,581,990)	**(8,744,843)**	(9,653,382)	**563,564**	**-**	**58,209,869**	58,937,564

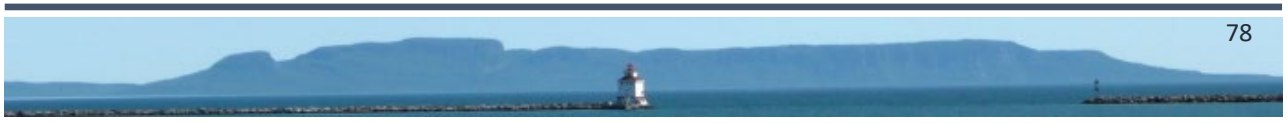


THE CORPORATION OF THE CITY OF THUNDER BAY

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

Schedule 3

For the year ended December 31,	Total 2025	Total 2024
Revenues		
Taxation, net	**242,829,974**	**232,861,338**
Fees and service charges	**113,340,518**	**106,311,395**
Government of Canada grants	**25,328,426**	**16,375,284**
Province of Ontario grants	**91,171,815**	**84,485,636**
Contributed tangible capital assets	**2,656,000**	**2,947,965**
Investment income	**27,424,750**	**12,046,276**
Other	**44,849,321**	**33,536,799**
Tbaytel fees and service charges	**207,773,000**	**206,957,000**
Total Revenues	**755,373,804**	**695,521,693**
Expenses		
Salary, wages and employee benefits	**307,862,909**	**295,251,136**
Long term debt interest	**6,133,555**	**6,361,176**
Materials	**180,732,288**	**170,790,178**
Contracted services	**48,462,230**	**41,888,637**
Rents & financials	**9,157,927**	**9,354,471**
External transfers to others	**30,456,865**	**26,758,404**
Interfunctional and program support	**-**	**-**
Unfunded liabilities	**14,647,503**	**6,904,647**
Amortization of tangible capital assets	**88,588,435**	**85,088,108**
Total expenses	**686,041,712**	**642,396,757**
Net revenues (expenses)	**69,332,092**	**53,124,936**



The Corporation of the City of Thunder Bay

Trust Funds Financial Statements

December 31, 2025



To The Corporation of the City of Thunder Bay:

Opinion

We have audited the statement of financial position of The Corporation of the City of Thunder Bay Trust Funds (the "Trust Funds"), as at December 31, 2025, and the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2025, and the results of their operations for the year then ended in accordance with the basis of accounting described in Note 1.

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 report. We are independent of the Trust Funds 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist The Corporation of the City of Thunder Bay in assessing the Trust Funds' financial information. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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 the basis of accounting described in Note 1, and for such internal control as management determines is necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust Funds' 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 Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds' 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 this 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 Trust Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, 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 Trust Funds' 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 Trust Funds 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.

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

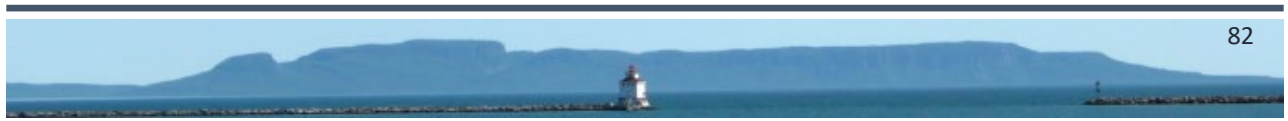
November 11, 2026

Licensed Public Accountants

THE CORPORATION OF THE CITY OF THUNDER BAY
TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
Year ended December 31, 2025

	Total	Older Adults Centre	Cemeteries	Cemetery Marker Mtce.	Dawson Court Home for Aged	Grandview Lodge Home for Aged	Pioneer Ridge Home for Aged	Lake Superior Memorial Hillcrest Pk	Employee Disability	Civic Employees Pension Trust Committee	Provincial Land Tax
	$	$	$	$	$	$	$	$	$	$	$
Assets											
Cash	226,950	-	126	-	2,020	4,945	16,769	-	1,764	-	201,326
Investments (note 2)	17,096,636	233,344	1,233,065	609,793	-	-	-	40,010	14,978,426	1,998	-
Accrued interest	4	-	-	-	-	-	-	-	4	-	-
	17,323,590	233,344	1,233,191	609,793	2,020	4,945	16,769	40,010	14,980,194	1,998	201,326
Liabilities and accumulated surplus											
Due to revenue fund	-	-	-	-	-	-	-	-	-	-	-
Accumulated surplus	17,323,590	233,344	1,233,191	609,793	2,020	4,945	16,769	40,010	14,980,194	1,998	201,326
	17,323,590	233,344	1,233,191	609,793	2,020	4,945	16,769	40,010	14,980,194	1,998	201,326

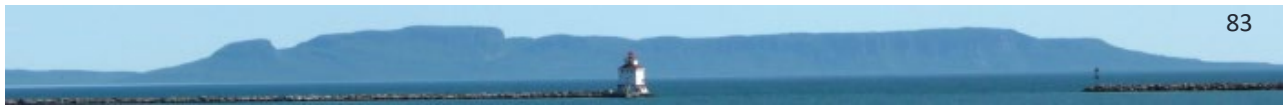
The accompanying notes are an integral part of these financial statements.



THE CORPORATION OF THE CITY OF THUNDER BAY
TRUST FUNDS
STATEMENT OF CONTINUITY
Year ended December 31, 2025

	Total	Older Adults Centre	Cemetery	Cemetery Marker Mtce.	Dawson Court Home for Aged	Grandview Lodge Home for Aged	Pioneer Ridge Home for Aged	Lake Superior Regiment Memorial Hillcrest Pk	Employee Disability	Civic Employees Pension Trust Committee	Provincial Land Tax
	$	$	$	$	$	$	$	$	$	$	$
Accumulated surplus, beginning of year	16,360,793	204,871	1,216,057	580,252	2,020	4,945	21,673	38,769	13,979,881	1,998	310,327
Receipts											
Contribution from premiums	6,878,656	-	-	-	-	-	-	-	6,878,656	-	-
PLT deposits	74,588,561	-	-	-	-	-	-	-	-	-	74,588,561
Deposit	48,244	-	-	-	-	-	48,244	-	-	-	-
Donations	21,572	21,572	-	-	-	-	-	-	-	-	-
Sale of plots	17,134	-	17,134	-	-	-	-	-	-	-	-
Marker fees	10,800	-	-	10,800	-	-	-	-	-	-	-
Earned interest	533,325	6,901	39,184	18,741	-	-	-	1,241	456,063	-	11,195
	82,098,292	28,473	56,318	29,541	-	-	48,244	1,241	7,334,719	-	74,599,756
Expenditures											
Residents' withdrawals, net	53,148	-	-	-	-	-	53,148	-	-	-	-
PLT Transfers to Ministry	74,572,060	-	-	-	-	-	-	-	-	-	74,572,060
Disability claims	6,046,176	-	-	-	-	-	-	-	6,046,176	-	-
Net investment earnings	39,184	-	39,184	-	-	-	-	-	-	-	-
General Operating costs	424,927	-	-	-	-	-	-	-	288,230	-	136,697
	81,135,495	-	39,184	-	-	-	53,148	-	6,334,406	-	74,708,757
Accumulated surplus, end of year	17,323,590	233,344	1,233,191	609,793	2,020	4,945	16,769	40,010	14,980,194	1,998	201,326

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



1. Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared by management using the recognition and measurement principles of Canadian public sector accounting standards. Receipts and disbursements are reported using the accrual basis of accounting which recognizes revenues as they become available and measurable, and disbursements as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

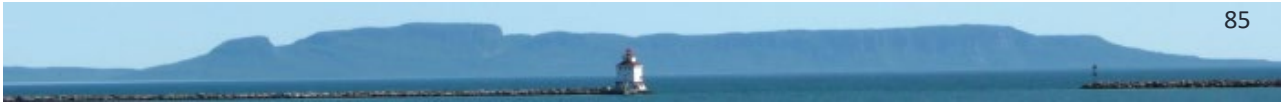
Investments

Investments are accounted for at market value. Investment income earned is reported as revenue in the period earned.

2. Investments

The total investments, by the trust funds of $17,096,636 reported on the balance sheet at market value, have a cost of $17,096,636. The investments are comprised of the ONE High Interest Savings Account.

STATISTICS



General Statistics

	2025	2024	2023	2022	2021
[1]Population	117,003	115,747	114,707	113,356	112,315
[2]Number of Households	48,405	48,405	48,405	48,405	48,405
[1]Average Household Income	$103,947	$101,552	$98,708	$96,022	$93,040
[2]Area in Acres	81,051	81,051	81,051	81,051	81,051
[2]Land Area (sq. km)	328	328	328	328	328
[1,2]Population Density per sq km	357	353	350	346	342
[3]Municipal Employees*					
Full-Time	2,161	2,165	2,146	2,121	2,083
Part-Time	1,064	995	929	1,228	1,190
Seasonal	48	47	47	55	49

[1]Source: BMA Municipal Study, Manifold Data Mining, 2021 to 2025
[2] Source: Statistics Canada, Census Profile - City of Thunder Bay – 2021
[3]Source: City of Thunder Bay - Corporate Services – Finance Division
**Includes employees from Agencies, Boards, and Commissions*

Economic Statistics

	2025	2024	2023	2022	2021
[4]Employment Rate	59.4%	56.1%	59.9%	58.4%	57.0%
[4]Participation Rate	62.4%	61.0%	62.7%	61.6%	61.6%
[4]Unemployment Rate	4.8%	4.0%	4.4%	5.2%	7.5%
[5]Weighted Median Dwelling Value ($)	229,441	229,441	229,441	229,441	229,441
[6]Number of Building Permits	1,035	967	1,095	1,180	1,660
[6]Value of Construction Activity ($M)	368.0	226.3	451.0	158.2	141.7

[4]Source: Statistics Canada, Labour Force Characteristics, October 2026
[5]Source: BMA Municipal Study, Manifold Data Mining, 2021 to 2025
[6]Source: City of Thunder Bay - Corporate Services – Finance Division

Top 10 employers in the City of Thunder Bay based on total employees:

- City of Thunder Bay
- Confederation College
- Dilico Anishinabek Family Care
- Government of Ontario
- Lakehead District School Board
- Lakehead University
- St. Joseph's Care Group
- Tbaytel
- Thunder Bay Catholic District School Board
- Thunder Bay Regional Health Sciences Centre

Source: North Superior Workforce Planning Board, 2026



Municipal Taxation

Taxable Assessment ($ millions)	2025	2024	2023	2022	2021
Residential	9,333.2	9,283.3	9,239.2	9,194.5	9,163.9
New Multi-Residential	47.0	37.7	33.1	28.4	25.0
Multi-Residential	465.6	462.1	464.7	460.1	464.3
Commercial	1,775.4	1,746.8	1,729.1	1,710.7	1,719.3
Industrial	46.5	58.4	61.0	63.5	63.0
Large Industrial	59.6	59.5	62.7	64.5	64.8
Aggregate Extraction	2.6	-	-	-	-
Landfill	0.7	0.7	0.7	0.7	0.7
Pipelines	39.4	38.1	38.1	38.0	37.8
Farmlands	3.9	3.8	3.9	2.6	2.5
Managed Forest	2.0	1.9	1.5	1.5	1.2
Total Taxable Assessment	**11,775.9**	**11,692.3**	**11,634.0**	**11,564.5**	**11,542.5**

Source: City of Thunder Bay Corporate Services Department (MPAC)

Tax Rates (%)*	2025	2024	2023	2022	2021
Residential	1.856303	1.793305	1.708921	1.634104	1.591080
New Multi-Residential	1.856303	1.793305	1.708921	1.634104	1.591080
Multi-Residential	3.542573	3.417208	3.249284	3.115208	3.029160
Commercial	4.252540	4.127805	3.960723	3.859032	3.822133
Industrial	4.918252	4.768894	4.568834	4.391455	4.289451
Large Industrial	5.530016	5.358032	5.127664	5.101147	5.160283
Aggregate Extraction	3.796950	-	-	-	-
Landfill	5.280192	5.117446	4.899456	4.706179	4.595034
Pipelines	5.595403	5.420999	5.187392	4.980269	4.861162
Farmlands	0.464076	0.448327	0.427231	0.408527	0.397771
Managed Forest	0.464076	0.448327	0.427231	0.408527	0.397771

**Includes education tax levy component.*
Source: City of Thunder Bay Corporate Services Department

Property Taxes	2025	2024	2023	2022	2021
Assessment-Based Taxation ($ million)	240.8	230.5	217.7	207.3	202.1
Net Municipal Levy per Capita ($)	2,058	1,998	1,904	1,835	1,808
Tax Arrears ($ million)	13.6	17.6	15.4	12.9	11.5
Tax Arrears as a % of Tax Levy	5.6%	7.6%	7.0%	6.2%	5.7%

Source: City of Thunder Bay Corporate Services Department

Top ten largest Corporate (commercial and industrial) property taxpayers (2025)

- HOOPP Realty Inc.
- 3022056 Canada Inc.
- Skyline Retail Real Estate Investment Trust
- Thunder Bay Pulp and Paper Inc.
- Gateway Casino & Entertainment Ltd.
- Southbridge Health Care GP Inc.
- Jennum Thunder Bay Properties Inc.
- 1333440 Ontario Ltd.
- Viterra Inc.
- Prime Site Properties Inc.

Source: City of Thunder Bay Corporate Services Department



Financial Results

Consolidated Statement of Financial Position

($ millions)	2025	2024	2023	2022	2021
Financial Assets					
Cash	79.6	43.6	20.7	30.4	35.8
Investments	247.7	227.2	219.9	186.8	160.5
Taxes Receivable	13.6	17.6	15.4	12.9	11.5
Accounts Receivable	95.9	87.1	74.4	68.9	61.5
User Charges Receivable	15.2	17.9	14.7	14.1	13.9
Other Assets	4.3	4.5	4.8	4.9	3.9
Long Term Receivable	2.4	1.9	2.2	1.6	1.8
Investment in Thunder Bay Hydro Corporation	111.5	104.8	100.9	110.6	109.3
Total Financial Assets	**570.2**	**504.6**	**453.0**	**430.2**	**398.2**
Liabilities					
Accounts Payable and Accrued Liabilities	115.9	101.3	80.2	74.2	69.9
Deferred Revenue	61.0	55.9	46.8	37.8	36.1
Employee Future Benefits	135.0	120.5	113.7	117.9	101.6
Municipal Debenture Debt	176.4	190.5	202.8	216.9	203.8
Asset Retirement Obligation	28.3	27.8	21.7	20.9	16.9
Total Liabilities	**516.6**	**496.0**	**465.2**	**467.7**	**428.3**
Net Assets (Debt)	**53.6**	**8.6**	**(12.2)**	**(37.5)**	**(30.1)**
Non-Financial Assets					
Tangible Capital Assets	1,234.7	1,203.5	1,163.5	1,130.7	1,084.0
Supplies Inventory	9.0	11.1	14.2	15.9	10.9
Prepaid Expenses	8.6	7.4	8.2	4.9	4.6
Total Non-Financial Assets	**1,252.3**	**1,222.0**	**1,185.9**	**1,151.5**	**1,099.5**
Accumulated Surplus	**1,305.9**	**1,230.6**	**1,173.7**	**1,114.0**	**1,069.4**
Accumulated Surplus is Comprised of:					
Accumulated Operating Surplus	1,306.7	1,230.6	1,173.7	1,114.0	1,069.4
Accumulated Remeasurement Gains (Losses)	(0.9)	-	-	-	-
Accumulated Surplus	**1,305.9**	**1,230.6**	**1,173.7**	**1,114.0**	**1,069.4**

Long Term Debt

	2025	2024	2023	2022	2021
Long Term Debt ($ millions)					
Tax-Supported Debt	47.3	50.1	52.2	58.7	63.5
Rate-Supported Debt	96.6	105.5	112.4	116.8	95.6
Tbaytel	32.5	34.9	38.2	41.4	44.7
Total	**176.4**	**190.5**	**202.8**	**216.9**	**203.8**
Long Term Debt Per Capita ($)					
Tax-Supported Debt	404	432	455	517	565
Rate-Supported Debt	825	912	980	1,030	851
Tbaytel	278	302	333	365	398
Total	**1,507**	**1,646**	**1,768**	**1,912**	**1,814**
Debt Charges for the Year ($ millions)					
Principal Payments	22.8	24.2	27.7	25.5	24.9
Interest Charges	6.1	6.4	6.5	5.7	6.2
Total	**28.9**	**30.6**	**34.2**	**31.2**	**31.1**
Annual Debt Repayment Limit ($ millions)	**101.8**	**100.4**	**95.7**	**91.9**	**94.1**

Tangible Capital Assets

($ millions)	**2025**	**2024**	**2023**	**2022**	**2021**
Cost					
General Capital	1,501.5	1,420.0	1,342.1	1,262.7	1,179.7
Infrastructure	1,581.5	1,559.4	1,530.5	1,502.0	1,464.2
Assets Under Construction	53.8	46.9	39.2	43.0	45.4
Total Cost	**3,136.8**	**3,026.3**	**2,911.8**	**2,807.7**	**2,689.3**
Accumulated Amortization					
General Capital	878.1	826.0	779.1	736.0	693.5
Infrastructure	1,024.0	996.8	969.2	941.0	911.8
Total Accumulated Amortization	**1,902.1**	**1,822.8**	**1,748.3**	**1,677.0**	**1,605.3**
Net Book Value of Tangible Capital Assets	**1,234.7**	**1,203.5**	**1,163.5**	**1,130.7**	**1,084.0**
Tangible Capital Asset Acquisitions	**118.4**	**122.9**	**116.8**	**122.4**	**106.7**

Consolidated Statement of Operations and Accumulated Surplus

($ millions)	2025	2024	2023	2022	2021
Revenues by Source					
Property Tax, Net	242.8	232.9	219.6	209.1	203.9
Fees and Service Charges	113.3	106.3	99.9	94.0	87.8
Government of Canada Grants	25.3	16.4	20.5	18.6	21.5
Province of Ontario Grants	91.2	84.5	78.5	78.3	76.7
Contributed Tangible Capital Assets	2.7	2.9	-	0.7	-
Investment Income	27.4	12.0	9.6	6.3	4.3
Other	44.9	33.5	29.8	30.5	22.9
Tbaytel Fees and Service Charges	207.8	207.0	207.5	206.9	204.9
Total Revenues	**755.4**	**695.5**	**665.4**	**644.4**	**622.0**
Expenses by Function					
General Government	33.1	31.9	30.1	25.6	22.7
Protection to Persons and Property	142.4	120.2	107.4	127.3	107.9
Transportation Services	81.0	74.4	68.2	68.6	60.4
Environmental Services	80.5	79.2	74.2	70.9	64.1
Health Services	44.0	44.0	47.1	41.3	38.0
Social Housing	0.5	-	-	-	-
Social and Family Services	52.5	51.3	45.1	44.0	41.0
Recreation and Cultural Services	65.2	62.9	58.5	54.3	45.5
Planning and Development	16.2	13.8	12.1	10.4	8.1
Tbaytel	170.6	164.7	161.3	158.2	155.6
Total Expenses	**686.0**	**642.4**	**604.0**	**600.6**	**543.3**
Net Revenues Before the Following	**69.4**	**53.1**	**61.4**	**43.8**	**78.7**
Gain (Loss) on Disposal of Tangible Capital Assets	0.6	(0.4)	(0.3)	(0.4)	(1.2)
Write-down of Tangible Capital Assets	-	-	(1.7)	(0.2)	-
Gain (Loss) on Change in Asset Retirement Obligation Estimates	(0.5)	0.3	-	-	-
Earnings from Thunder Bay Hydro Corporation	6.6	3.9	0.3	1.4	3.0
Annual Surplus	**76.1**	**56.9**	**59.7**	**44.6**	**80.5**
Accumulated Operating Surplus, Beginning of Year	**1,230.6**	**1,173.7**	**1,114.0**	**1,069.4**	**1,000.2**
Adjustment for Asset Retirement Obligation	**-**	-	-	**-**	(11.4)
Accumulated Operating Surplus, End of Year	**1,306.7**	**1,230.6**	**1,173.7**	**1,114.0**	**1,069.4**



Consolidated Expenses by Object

($ millions)	2025	2024	2023	2022	2021
Salary, Wages, and Employee Benefits	307.9	295.2	283.1	268.9	253.0
Long Term Debt Interest	6.1	6.4	6.5	5.8	6.2
Materials	180.7	170.8	166.5	161.8	144.2
Contracted Services	48.5	41.9	37.0	35.9	26.7
Rents and Financials	9.1	9.3	8.4	8.2	5.4
External Transfers to Others	30.5	26.8	24.9	25.8	23.5
Unfunded Liabilities	14.6	6.9	(4.2)	16.3	4.8
Amortization of Tangible Capital Assets	88.6	85.1	81.8	77.9	79.5
Total Expenses	**686.0**	**642.4**	**604.0**	**600.6**	**543.3**

Reserve and Reserve Fund Balances

($ millions)	2025	2024	2023	2022	2021
Tax-Supported	204.3	174.1	164.4	152.9	159.9
Rate-Supported	49.0	49.0	50.3	44.5	39.7
Total Reserves and Reserve Funds	**253.3**	**223.1**	**214.7**	**197.4**	**199.6**



Finance Division

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www.thunderbay.ca/budget

CITY OF Thunder Bay
Superior by Nature