CITY OF YELLOWKNIFE

Financial Report

For the year ended December 31, 2025

City of Yellowknife

Financial Statements

December 31, 2025

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FINANCIAL STATEMENTS DISCUSSION AND ANALYSIS

The following Financial Statements Discussion and Analysis ("FSDA") has been prepared by Management and should be read in conjunction with the Audited Financial Statements ("the Statements") and their accompanying notes and schedules. The Statements are prepared in accordance with the principles and standards as established by the Canadian Public Sector Accounting Board ("PSAB").

The FSDA aims to provide context and commentary on the financial results of the City of Yellowknife ("the City") for the reporting period January 01 to December 31 2025, as well as provide an update on the reliability of its municipal services and operations as a going concern. In this respect, Management has made every effort to ensure the Statements present a fair accounting of the City's operating and capital activities for the fiscal year ended December 31, 2025, through ongoing monitoring of all financial affairs of the City. Moreover, the City's financial results are also recognized and reported in observation of the City's policies and bylaws, where City Council provides governance and guidance to policy and bylaw changes and approval.

The City's 2025 Financial Statements include the following individual statements:

1. **Statement of Financial Position** – Provides a summary of the City's financial and physical assets and liabilities. This statement evaluates the City's ability to finance its activities and satisfy its obligations and contractual commitments.
2. **Statement of Operations and Accumulated Surplus** – Provides a summary of the funds raised by the City, expenses incurred and results of the fiscal year as annual surplus or deficit, and summarizes the change in accumulated surplus.
3. **Statement of Remeasurement Gains and Losses** – Summarizes the unrealized gains and losses until the asset or liability is disposed of or settled at which point the gains or losses are recognized in the Statement of Operations.
4. **Statement of Changes in Net Financial Assets** – Reports the changes in net financial assets or debt at year-end. This statement provides information regarding the extent to which expenditures in the year were met by revenues recognized in the year and is a key indicator of the city's overall financial health.
5. **Statement of Cash Flows** – Reports the cash resources provided by operations and financing and how cash was used during the reporting period. It reflects the net change in cash and cash equivalents since the last reporting period.

The Statements also include schedules that provide details on Tangible Capital Assets, Segment Disclosures, Government Transfers and Grants, Salaries, Honoraria and Travel Expenses of City Council.

FUNDS AND RESERVES

The Statements reflect all resources and operations controlled by the City and include departments, funds and reserves. A fund is a grouping of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City has established the following funds to achieve and demonstrate compliance with finance-related requirements:

1. **General Fund** reports on tax supported operations, which include services provided by the City to the residents such as public safety, parks and recreational services, transit services, street maintenance and administrative and governance support.
2. **Capital Fund** reports on capital projects that are supported by taxes, user fees and/or grants from other orders of government. The Capital Fund comprises of, but is not limited to, reporting on the acquisition and/or construction of: streets, parks and recreation facilities, water and sewer infrastructure and other municipal facilities.

3. **Water and Sewer Fund** reports on activities related to the provision of piped and trucked water and sewer services. The revenue is derived from user fees.
4. **Solid Waste Management Fund** reports on activities related to garbage and waste collection services. The revenue is derived from user fees.
5. **Land Development Fund** reports on activities related to the acquisition, development and sale of municipal lands. The revenue is derived from land sales.
6. **Service Connection Failure Assistance Fund (SCFA)** – established to provide residents with a low-cost program to cover water and sewer service repairs. The revenue is derived from user fees.

City Council has approved the establishment of Reserves. The latter are a portion of the City's surplus that is retained or set aside for future use. The City has established three Capital Reserves, five Operating Reserves and one dedicated Reserve.

1. **Information Technology Reserve, Mobile Equipment Replacement Reserve, and the Major Community Facility Reserve** have been set-up to finance current and anticipated future capital projects, thereby reducing the need to issue debt.
2. **Downtown Development Reserve, Heritage Reserve, Samuel Colley Library Donation Reserve, Revitalization Initiative Reserve and Community Grant Reserve** provide designated revenue to fund expenses related to future initiatives in these areas.
3. **Tourist Accommodation Tax Reserve** has been created to operate as a separate, purpose-specific reserve for the accommodation tax revenues. This reserve exists solely to ensure revenues collected through the Tourist Accommodation Tax are directed towards tourism development and promotion, and not for general municipal operations and cash-flow stabilization.

FINANCIAL OVERVIEW

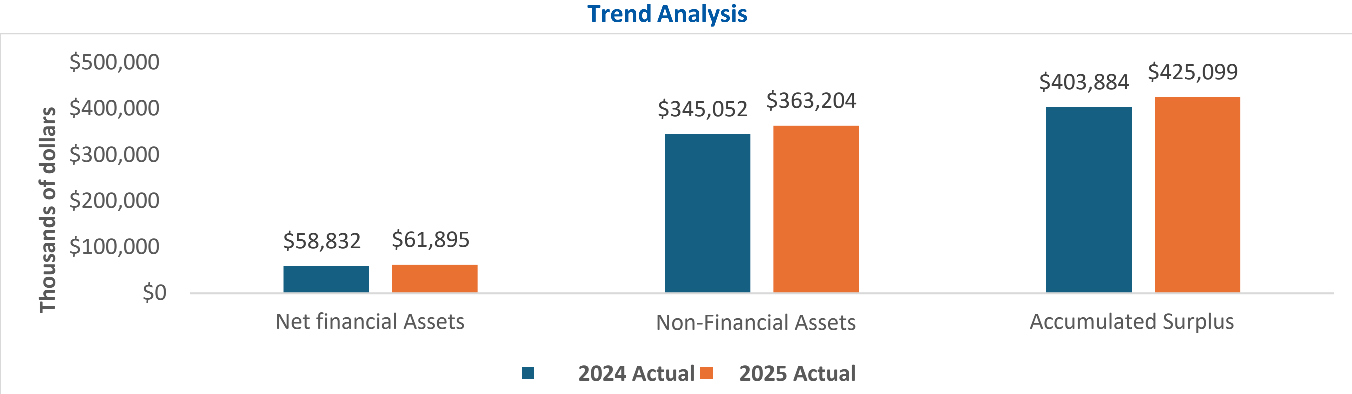
Key financial highlights for 2025 are as follows:

Financial Position

The Public Sector Accounting Board (PSAB) puts greater emphasis on the Statement of Financial Position, which shows the long-term fiscal health of the municipality, as opposed to a traditional operating statement or, in the case of public sector organizations, the Statement of Operations, which reflects a more short-term perspective.

The City's financial position remains strong as of December 31, 2025. The Accumulated Surplus, also known as municipal equity, increased from $403.88 million in 2024 to $425.10 million in 2025.

Trend Analysis



The Accumulated Surplus is one of the most commonly misunderstood components of municipal finances. It does not mean the City has a large amount of cash set aside to spend. Instead, it shows the City's overall financial position built up over many years. Most of the Accumulated Surplus is made up of things the City owns, such as roads, buildings, equipment, and other infrastructure, as well as funds that are legally restricted for specific purposes. It reflects the value of the City's assets compared to what it owes, not money that is freely available for new projects or additional services.

A positive Accumulated Surplus at the end of 2025 shows that the City is in a stable financial position and has enough overall resources to continue providing services in the future.

Statement of Financial Position Summary (in thousands of dollars)

	2025 Actual	2024 Actual	Year over Year Change
Net Financial Assets	**61,895**	58,832	3,063
Non-Financial Assets	**363,204**	345,052	18,152
Accumulated Surplus	**425,099**	403,884	21,215
Accumulated Surplus Breakdown:			
Accumulated Operating Surplus	**425,180**	403,923	21,257
Accumulated Remeasurement Losses	**(81)**	(39)	(42)
Accumulated Surplus	**425,099**	403,884	21,215

Assessing the City's financial strength and long-term sustainability involves looking at both Net Financial Assets and Non-Financial Assets. Net Financial Assets represent the difference between the City's financial assets and its liabilities and reflect available funds and reserves. Non-Financial Assets consist mainly of tangible capital assets, as well as items like inventory, materials and supplies, and prepaid expenses.

As at December 31, 2025, Net Financial Assets totaled $61.90 million (2024 - $58.83 million), representing an increase of $3.06 million over the prior year. This increase reflects a combination of positive and negative movements in the City's cash balances, grant and tax receivables, accounts payable, and debt. Notably, claims related to the 2023 wildfires have been largely collected, with only $0.83 million outstanding. In addition, the majority of the Aquatic Centre holdbacks ($6.31 million) have been paid, and a further $3.00 million was applied toward the City's outstanding debt. These factors collectively contributed to the overall improvement in Net Financial Assets during the year.

Conversely, the value of Non-Financial Assets was $363.20 million at December 31, 2025 (2024 - $345.05 million). In the end, the Non-Financial Assets increased by $18.15 million over the prior year, predominantly due to work being advanced on Lift station#1 ($6.32 million), and investments of around $10.29 million in the landfill expansion and waste management.

Finally, it is crucial to note that the City is exposed to credit risk primarily through property tax receivables, trade receivables, and other amounts owing. Credit risk arises from the potential that taxpayers and service recipients may experience financial difficulty and be unable to meet their payment obligations. However, this risk is mitigated by the large and diverse taxpayer and customer base, which limits concentration risk and has historically resulted in a low incidence of default.

Financial Operations

The Statement of Operations and Accumulated Surplus summarizes the City's operating results.

Statement of Operations and Accumulated Surplus Summary (in thousands of dollars)

	2025 Actual	2024 Actual	Year over Year Change
Revenues	**81,765**	77,347	4,418
Expenses	**(89,146)**	(83,435)	(5,711)
Annual Operating Deficit before Other	**(7,381)**	(6,088)	(1,293)
Government Transfers related to Capital	**30,521**	23,830	6,691
Minor Capital Expenses	**(1,883)**	(2,030)	147
Annual Operating Surplus	**21,257**	15,712	5,545

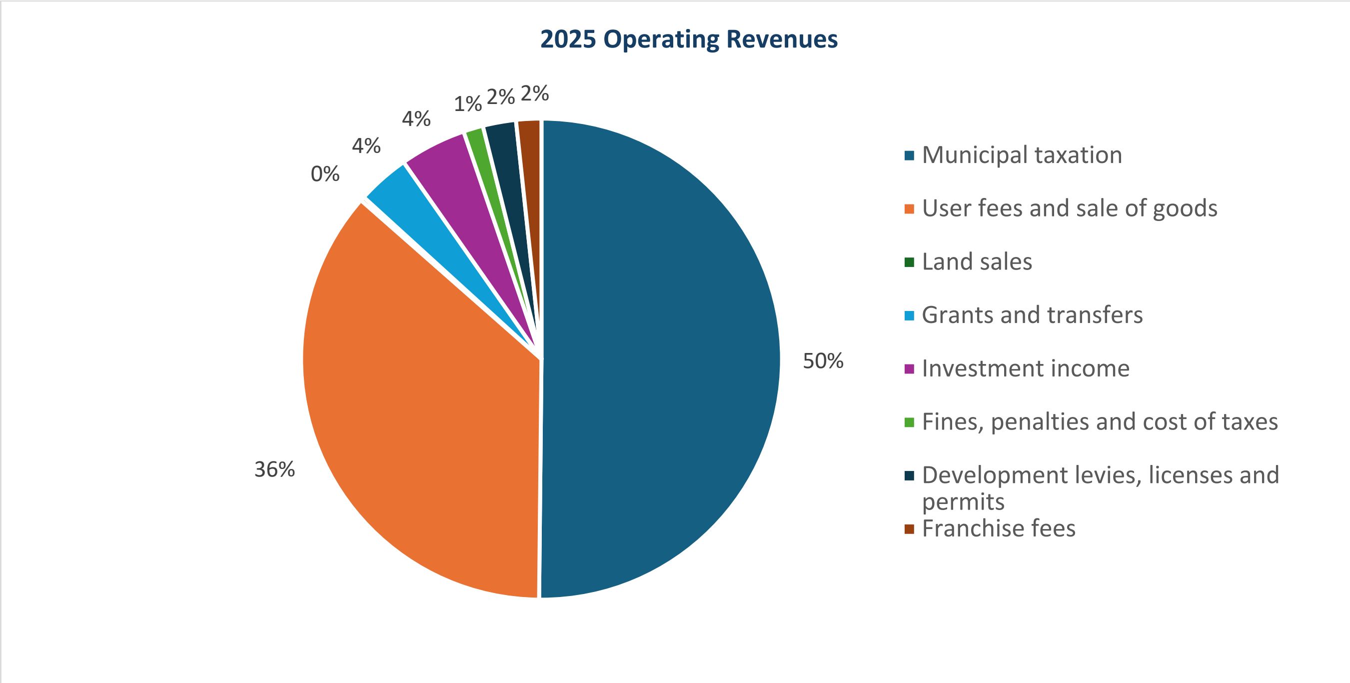
In 2025, the City's financial position remained strong, with total revenues rising to $81.77 million (2024 – $77.35 million), an increase of $4.42 million, or five point seventy-one percent (5.71%), from the prior year. Total expenses also increased, reaching $89.15 million, up $5.71 million, or six point eighty-four percent (6.84%), compared to 2024.

As a result, the City reported an operating deficit before capital-related items of $7.38 million, consistent with the prior year. However, after recognizing $30.52 million in capital-related government transfers, the City recorded an annual surplus of $21.26 million. This outcome aligns with standard municipal public-sector practice, whereby operating revenues support service delivery while capital transfers are used to fund long-term infrastructure investments.

Operating Revenues

In 2025, the City's revenue trends reflected both structural stability and sensitivity to external conditions. Municipal taxation rose to $40.48 million, driven by assessment growth and deliberate mill rate decisions, reinforcing taxation as the City's most stable and predictable revenue source. This growth helped offset volatility in other revenue streams and supported ongoing service delivery.

User fees and sales of goods increased to $29.31 million, driven primarily by higher water and sewer revenues and strong utilization of City facilities, including the Multiplex and Aquatic Centre. These results reflect growing community demand and a continued focus on effective cost-recovery to support long-term financial sustainability.



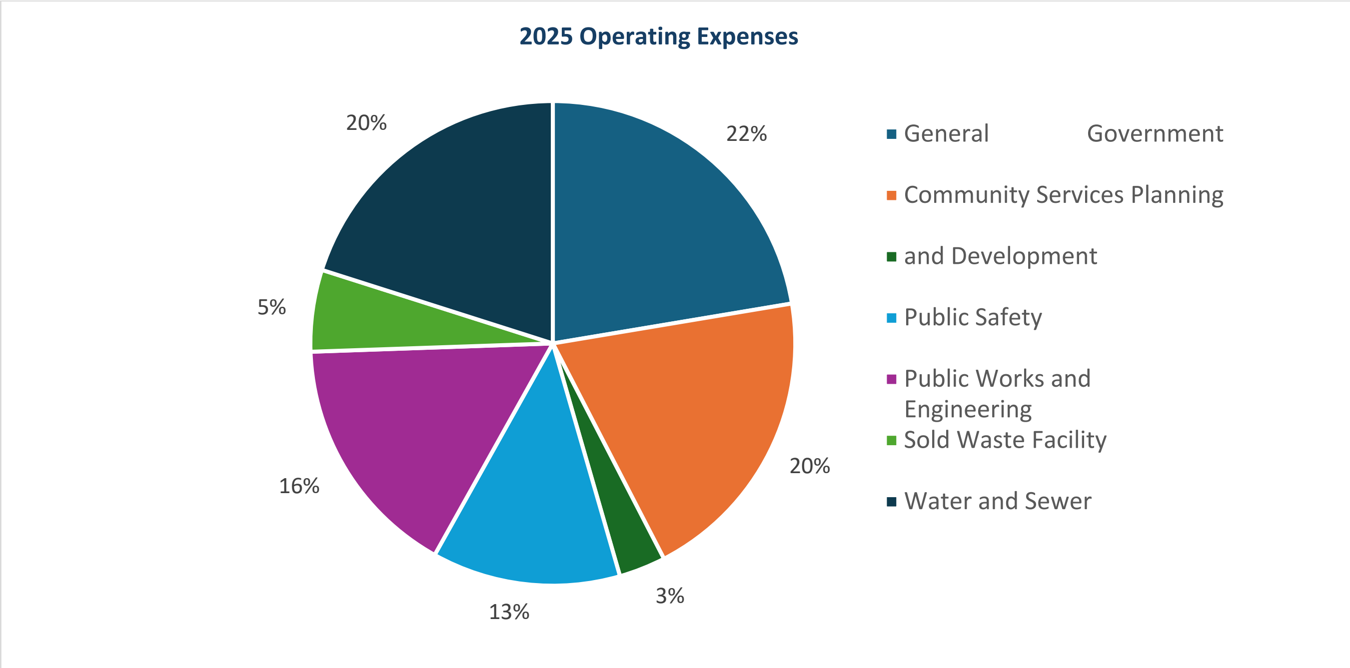
On the other hand, Investment income declined to $3.61 million, reflecting lower average yields in 2025. While this reduction underscores the City's exposure to interest-rate fluctuations, the impact was mitigated by strong performance in other revenue categories.

Development-related revenues, including development levies, permits, and franchise fees, remained resilient, signaling continued construction activity and infrastructure servicing demands. While inherently cyclical, these revenues currently provide meaningful support for growth-related expenditures.

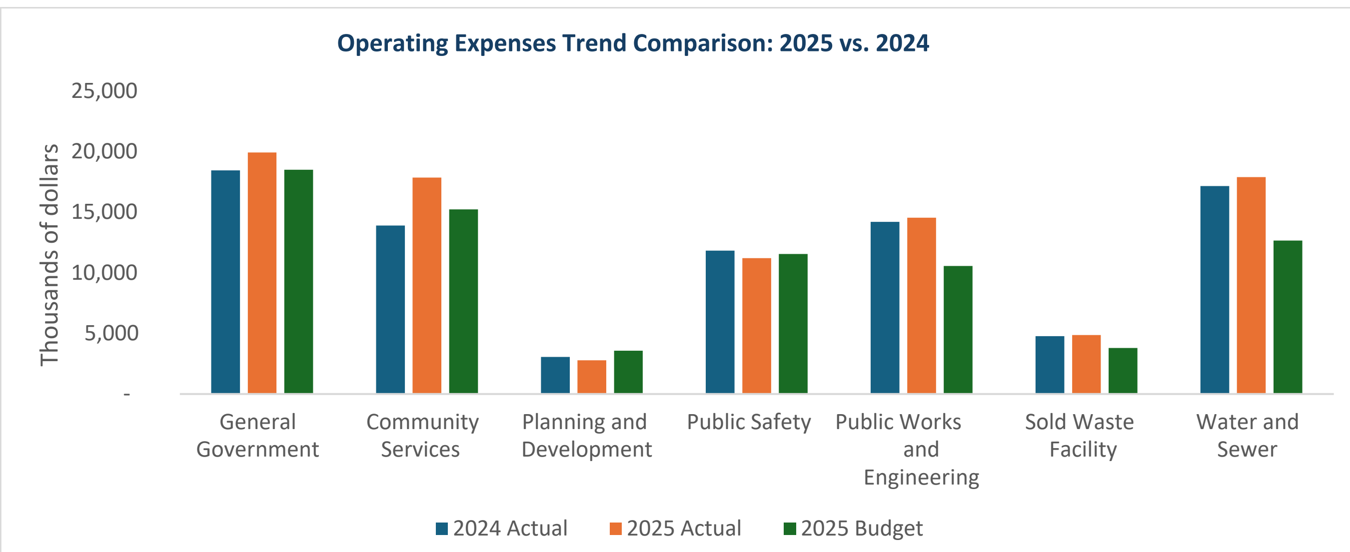
Overall, the City's diversified revenue structure continues to balance stability and growth, with taxation and user fees providing a reliable base while development activity and investment income introduce manageable variability. This mix enhances resilience and positions the City to respond effectively to changing economic and fiscal conditions.

Operating Expenses

In 2025, consistent with prior years, the major cost drivers were administration services (22%); drinking water delivery and water and sewer infrastructure maintenance, including sewer services (20%); recreation and leisure services (20%); and road, sidewalk, and snow maintenance (16%).



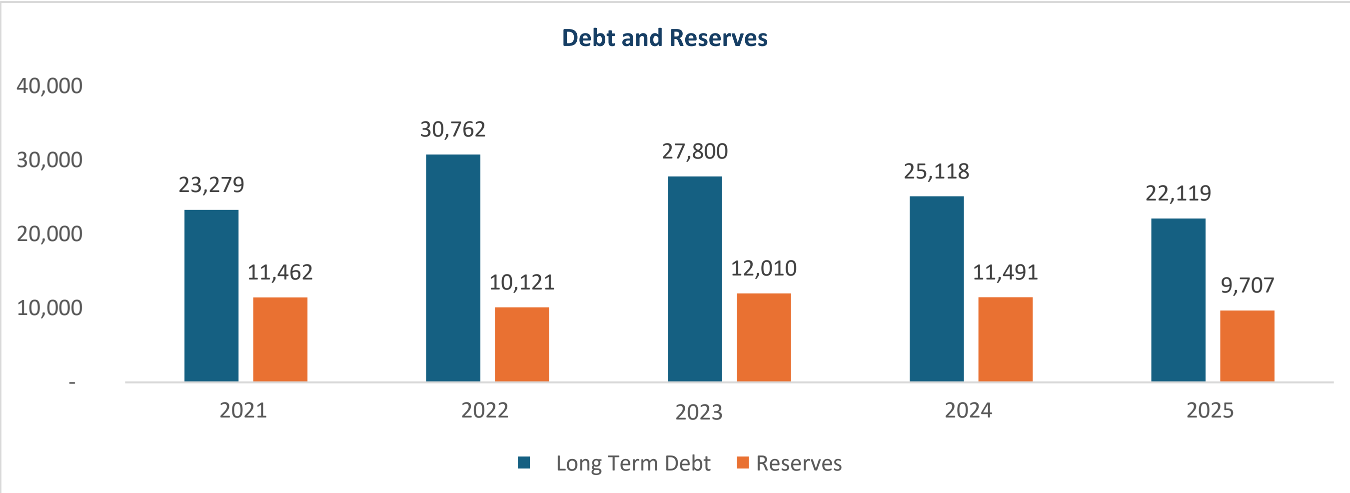
The City continued to manage operating pressures within a sustainable financial framework, although cost escalation, particularly in utilities and contracted services, remains a key risk.



Debt and Reserves

In recent years, the City has strengthened its financial position through disciplined budgeting, leading to improved liquidity while continuing to invest in key infrastructure and priority initiatives. This financial stability provides an adequate buffer to draw on reserves when needed and to manage unforeseen costs. Moreover, the City's flexibility in adjusting revenue and expenditure strategies has supported sustainable debt and reserve levels, even in the face of challenging economic conditions.

In 2025, Long-term debt, which is primarily related to long-term infrastructure assets, declined by twelve percent (12%) from 2024 to $22.12 million reflecting continued principal repayments.



Additionally, the City's debt consists of Interest Rates Swaps, which help reduce its exposure to interest rate fluctuations. PSAB requires that these Interest Rates Swaps be evaluated against market rates annually and their values be updated accordingly. By the end of 2025, there was an unrealized loss of eighty-one thousand in the market value of these Interest Rate Swaps due to unfavorable economic and market conditions. The loss is referred to as "unrealized" as the City did not actually lose cash but the decrease in value exists only on paper and this amount could change again, positively or negatively, in the future depending on market conditions. This has been reported in the Statement of Remeasurement Gains and Losses.

The City continues to maintain low liquidity, credit, and refinancing risk, supported by strong cash balances, diversified revenues, and access to an unused $10 million operating facility. The latter bears interest at prime minus 0.25% (2024 – prime minus 0.25%) and is due on demand.

FUTURE OUTLOOK

The City anticipates that ongoing and potential future investments by the Department of National Defence (DND) in Northern Canada may have important medium and long-term implications for Yellowknife's economy and municipal infrastructure. Federal defence priorities continue to emphasize Arctic sovereignty, NORAD modernization, and northern operational readiness, all of which position Yellowknife as a strategically relevant regional centre.

DND-related activity has the potential to generate incremental economic benefits, including population stabilization, increased demand for housing, commercial services, and construction activity. These indirect benefits may support assessment growth and strengthen user-fee revenues, particularly in areas such as utilities, transportation, and municipal services.

From a municipal finance perspective, increased federal defence presence may also create new infrastructure and service demands, including transportation networks, water and sewer capacity, emergency services, and community amenities. The City will continue to monitor these developments closely and engage proactively with federal, territorial and Indigenous partners to ensure that any incremental service pressures are accompanied by appropriate funding arrangements, whether through capital contributions, service agreements, or cost-sharing mechanisms.

While the timing, scale, and location of future DND investments continue to be refined, the City's strong financial position, growing asset base, and low debt levels provide flexibility to respond to opportunities that align with Council's strategic priorities. Strategic coordination with senior governments will be essential to ensure that defence-related growth contributes positively to long-term financial sustainability and community resilience.

The City of Yellowknife's Audited Financial Statements for year ended December 31, 2025, can be found on our website at www.yellowknife.ca. If you have any questions or concerns, please contact the Director of Finance at 867-920-5600.

Kavi Pandoo

Kavi Pandoo, MPAcc, CPA, FCCA
Director, Finance
June 24, 2026

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

For the year ended December 31, 2025

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

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

City Council is composed of elected officials who are not employees of the Municipality. City Council is responsible for overseeing management in the performance of its financial reporting responsibilities. City Council carries out its responsibility for review of the financial statements primarily through the Audit Committee. The Audit Committee meets regularly with management to discuss financial matters, including the results of audit examinations. The Audit Committee reports its findings to City Council for its consideration in approving the financial statements for issuance.

The financial statements have been reported on by Crowe MacKay LLP Chartered Professional Accountants. The independent auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

Kerry Thistle

Kerry Thistle, LLB
Acting City Manager
June 24, 2026

Kavi Pandoo

Kavi Pandoo, MPAcc, CPA, FCCA
Director, Finance
June 24, 2026

AUDIT COMMITTEE'S REPORT

For the year ended December 31, 2025

The Audit Committee oversees the City's financial reporting process on behalf of City Council. The Committee is comprised of: Mayor Ben Hendriksen, Councilor Ryan Fequet, Nathan Ensing, Sue McKinney, Paul Guy and Edwin Shu.

The Committee reports directly to City Council and has complete access to all City records. The Committee meets regularly with the independent auditors to discuss the independence of the auditors, the scope and key risk areas for the audit, the results of their examinations, the evaluations of the City's internal controls, the overall quality of the City's external financial reporting and other matters required by Canadian public sector accounting standards.

Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. Management represents that the City's financial statements are prepared in accordance with Canadian public sector accounting standards. Based on the Committee's review of the financial statements and discussions with Administration and the independent auditors, the Committee recommends that City Council adopt the audited financial statements for the year ended December 31, 2025.

Nathan Ensing

Nathan Ensing, CPA, Chair
June 24, 2026

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of the City of Yellowknife:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the City of Yellowknife (the "City"), which comprise the statement of financial position as at December 31, 2025 and the statements of operations and accumulated surplus, remeasurement gains, changes in net financial assets and cash flows 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 present fairly, in all material respects, the financial position of the City as at December 31, 2025 and its results of operations, its remeasurement gains, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the 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 (Information Other than the Financial Statements and Auditor's Report Thereon)

Management is responsible for the other information. The other information comprises the Financial Statement Discussion and Analysis but does not include the financial statements and our auditors' report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the City to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirement

We further report in accordance with the *Cities, Towns and Villages Act* that, in our opinion, proper books of account have been kept by the City, the financial statements are in agreement therewith and the transactions that have come under our notice, have, in all significant respects, been made in accordance with the *Cities, Towns and Villages Act*, the regulations and the by-laws of the City.

Crowe Mackay LLP

June 24, 2026
Yellowknife, Northwest Territories
Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31, 2025 (in thousands of dollars)	**2025**	2024
Financial Assets		
Cash and cash equivalents (Note 3)	**$ 110,440**	$ 107,814
Grants receivable (Note 4)	**7,052**	9,494
Taxes receivable (Note 5)	**2,417**	4,561
Water and sewer receivable (Note 6)	**1,923**	1,726
Other receivable (Note 7)	**7,099**	6,628
Local improvement charge receivable (Note 8)	**11,243**	11,873
Land held for resale (Note 9)	**1,265**	928
Total Financial Assets	**141,439**	143,024
Liabilities		
Accounts payable and accrued liabilities	**9,828**	13,249
Accrued employee benefits (Note 10)	**4,960**	4,473
School taxes payable	**3,318**	2,948
Deposits payable	**2,738**	2,902
Deferred revenue (Note 11)	**17,107**	16,836
Debt (Note 12)	**22,119**	25,118
Asset retirement obligations (Note 13)	**19,474**	18,666
Total Liabilities	**79,544**	84,192
Net Financial Assets	**61,895**	58,832
Non-Financial Assets		
Tangible capital assets	**360,091**	342,858
Land held for sale or disposal (not included in tangible capital assets) (Note 14)	**1,320**	-
Inventories	**1,250**	1,386
Prepaids	**543**	808
	363,204	345,052
Accumulated Surplus	**425,099**	403,884
Accumulated surplus is comprised of:		
Accumulated operating surplus	**425,180**	403,923
Remeasurement gains (losses)	**(81)**	(39)
Accumulated Surplus	**$ 425,099**	$ 403,884

Contingencies (Note 17)
Commitments (Note 18)
Contractual rights (Note 21)

See accompanying notes and schedules to the financial statements

Approved by:

Mayor

Acting City Manager

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31, 2025 (in thousands of dollars)	2025 Budget	**2025 Actual**	2024 Actual
Revenues			
Municipal taxation			
Property taxes	$ 40,433	**$ 41,441**	$ 38,165
Payments in lieu of taxes	-	**12,163**	11,416
School taxes	-	**(13,129)**	(11,650)
Net municipal taxation	40,433	**40,475**	37,931
Tourist accommodation taxes	-	**1,071**	-
User fees and sale of goods	26,804	**29,311**	26,092
Land sales	1,032	**220**	1,789
Grants and transfers	2,161	**2,842**	2,951
Investment income	2,345	**3,610**	5,230
Fines, penalties and cost of taxes	964	**1,066**	938
Development levies, licenses and permits	990	**1,795**	1,207
Franchise fees	1,100	**1,375**	1,209
Total Revenues	75,829	**81,765**	77,347
Expenses			
General Government	18,517	**19,943**	18,471
Community Services	15,251	**17,870**	13,915
Planning and Development	3,576	**2,775**	3,057
Public Safety	11,566	**11,213**	11,842
Public Works and Engineering	10,624	**14,564**	14,209
Solid Waste Facility	3,800	**4,866**	4,773
Water and Sewer	12,669	**17,915**	17,168
Total Expenses	76,003	**89,146**	83,435
Annual Operating Deficit before Other	(174)	**(7,381)**	(6,088)
Government transfers related to capital	33,441	**30,521**	23,830
Minor capital expense	-	**(1,883)**	(2,030)
Annual Operating Surplus after Other	33,267	**21,257**	15,712
Accumulated Operating Surplus, Beginning of Year	384,121	**403,923**	388,211
Accumulated Operating Surplus, End of Year	$ 417,388	**$ 425,180**	$ 403,923

See accompanying notes and schedules to the financial statements

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the year ended December 31, 2025 (in thousands of dollars)		**2025**		2024
Accumulated remeasurement gains (losses) at the beginning of the year	**$**	**(39)**	$	142
Unrealized losses attributable to:				
Market value loss on interest rate swap (Note 12)		**(42)**		(181)
Accumulated remeasurement losses at the end of year	**$**	**(81)**	$	(39)

See accompanying notes and schedules to the financial statements

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31, 2025 (in thousands of dollars)	2025 Budget	**2025 Actual**	2024 Actual
Annual Operating Surplus	$ 33,267	**$ 21,257**	$ 15,712
Acquisition of tangible capital assets	(37,534)	**(34,519)**	(37,401)
Amortization of tangible capital assets	16,382	**15,829**	15,876
Loss (gain) on disposal of tangible capital assets	-	**(295)**	76
Proceeds on sale of tangible capital assets	-	**432**	-
	(21,152)	**(18,553)**	(21,449)
Increase in inventories and prepaid expenses	-	**401**	484
Net remeasurement loss for the year	-	**(42)**	(181)
Increase (decrease) in Net Financial Assets	12,115	**3,063**	(5,434)
Net Financial Assets, Beginning of Year	58,832	**58,832**	64,266
Net Financial Assets, End of Year	$ 70,947	**$ 61,895**	$ 58,832

See accompanying notes and schedules to the financial statements

STATEMENT OF CASH FLOWS

For the year ended December 31, 2025 (in thousands of dollars)	**2025**	2024
Net inflow (outflow) of cash related to the following activities:		
Operations		
Annual operating surplus	**$ 21,257**	$ 15,712
Non-cash changes to operations:		
Amortization of tangible capital assets	**15,829**	15,876
Loss (gain) on disposal of tangible capital assets	**(295)**	76
Accretion expense	**808**	785
	37,599	32,449
Changes in non-cash working capital balances related to operations:		
Grants receivable	**2,442**	5,267
Taxes receivable	**2,144**	(3,037)
Water and sewer receivables	**(196)**	(94)
Other receivable	**(471)**	718
Local improvement charge receivable	**630**	583
Land held for resale	**(336)**	1,024
Inventories	**136**	(203)
Prepaids	**265**	687
Accounts payable and accrued liabilities	**(3,421)**	(9,092)
Accrued employee benefits	**487**	196
School taxes payable	**370**	(2,890)
Deposits payable	**(164)**	95
Deferred revenue	**271**	(9,774)
	2,157	(16,520)
Net Cash provided from Operations	**39,756**	15,929
Capital		
Acquisitions of tangible capital assets	**(34,519)**	(37,401)
Proceeds on sale of tangible capital assets	**432**	-
Net Cash used for Capital	**(34,087)**	(37,401)
Financing		
Debt repayments	**(3,043)**	(2,863)
Increase (decrease) in Cash and Cash Equivalents	**2,626**	(24,335)
Cash and Cash Equivalents, Beginning of Year	**107,814**	132,149
Cash and Cash Equivalents, End of Year	**$ 110,440**	$ 107,814

See accompanying notes and schedules to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

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

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Yellowknife (the "City") are the representations of management prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board ("PSAB"). Significant aspects of the accounting policies adopted by the City are as follows:

a) Reporting Entity

The financial statements reflect the financial assets, liabilities, non-financial assets, accumulated surplus, revenues and expenses and changes in financial position of the City. It is comprised of the departments that are controlled by the City and are, therefore, accountable to Mayor and Council for the administration of their financial affairs and resources. There are no external organizations that currently meet the criteria of forming part of the reporting entity. The financial statements include the operations of the General Fund, the Land Development Fund, the Solid Waste Management Fund, the Water and Sewer Fund, the Capital Fund, and the Service Connection Failure Assistance Fund ("SCFA"), reserves and equity in tangible capital assets.

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue in the period it is earned and measurable. Expenses are recognized in the period they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and money market funds with maturity terms of three months or less at acquisition.

d) Designated Assets

The City has designated assets that are distinct from restricted assets. Unlike restricted assets, the City can readily change the by-law or resolution and use the designated assets for another purpose if the need arises. Designated assets are made up of reserves that have been established at the discretion of Council to set aside funds for future operating and capital expenses.

e) Land Held for Resale

Land held for resale is recorded at the lower of cost and the net recoverable amount. The net recoverable amount is the amount the City estimates it will collect from the sale of the land inventory. Inventory includes costs of acquisition, lot servicing and infrastructure.

Valuation of land is subject to significant measurement uncertainty because sales of large parcels of land are subject to Council's approval of proposed developments.

f) Deferred Revenue

Deferred revenue consists of government transfers for which the events giving rise to the transfer have not yet occurred and capital contributions from third parties to be used for specified capital projects. The deferred revenue will be recognized in the financial statements as revenue in the period in which the related expenses or capital expenditures are incurred or related services are performed.

NOTES TO THE FINANCIAL STATEMENTS

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Asset Retirement Obligations

A liability is recognized when, as at the financial reporting date, all of the following criteria are met:

- 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.

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The asset retirement obligation liability recognized is based on estimated future expenses. The liability is discounted using a present value calculation and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the discount rate or in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Statement of Operations.

h) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The City recognizes a liability for remediation of contaminated sites when the following criteria have been met:

i) an environmental standard exists;
ii) contamination exceeds the environmental standard;
iii) the City is directly responsible or accepts responsibility;
iv) it is expected that future economic benefits will be given up; and
v) a reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available. At each financial reporting date, management reviews the carrying amounts of the liability. Any revision required to the amount previously recognized is accounted for in the period revisions are made. As of December 31, 2025, the City has determined that no liability exists.

i) Financial Instruments

Measurement

The City measures all its financial assets and financial liabilities at cost or amortized cost, except interest rate swaps which are measured at fair value without any adjustment for transaction costs. The effective interest rate method is used to determine interest revenue or expenses for financial instruments measured at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents, grants receivable, taxes receivable, water and sewer receivable, other receivable, and local improvement charge receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, school taxes payable, deposits payable and debt.

NOTES TO THE FINANCIAL STATEMENTS

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial Instruments (Continued)

Measurement (Continued)

Financial instruments measured at fair value include interest rate swaps, classified as level 2.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy used has the following levels:

- Level 1 – Unadjusted quoted prices 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, such as prices, or indirectly, such as those derived from prices; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Unrealized gains and losses from changes in the fair value of financial instruments 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. Interest and dividends attributable to financial instruments are reported in the Statement of Operations.

Transaction Costs

Transaction costs attributable to financial instruments measured at fair value are recognized in the Statement of Operations in the period incurred. Transaction costs for financial instruments measured at cost or amortized cost are recognized in the original cost of the instrument.

Impairment

At the end of each reporting period, management assesses financial assets or groups of financial assets for evidence of objective impairment. An impairment loss is recognized in the Statement of Operations when there is a loss in value that is other than temporary. Future recoveries of impaired financial assets are recognized in the Statement of Operations when received. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in the Statement of Remeasurement Gains and Losses.

j) 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

NOTES TO THE FINANCIAL STATEMENTS

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of assets. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt when fair value can be reasonably estimated. Amortization is recorded on a straight-line basis over the expected useful life of each asset and commences on the first day of the fiscal year subsequent to acquisition or betterment and ceases on the last day of the fiscal year prior to disposal. Work in progress (assets under construction) are not amortized until the asset is available to begin delivery of its intended service value.

The City regularly assesses the future economic benefits of its tangible capital assets. If there is a permanent reduction in future economic benefit of a tangible capital asset, the asset is written-down to the expected benefit. Write-downs are not reversed. Estimated useful life of tangible capital assets is as follows:

	Useful life
Land	Not amortized
Buildings	40-50 years
Roads & sidewalks infrastructure	20 years
Water & sewer infrastructure	10-40 years
Other infrastructure	8-40 years
Vehicles	10-21 years
Equipment	4-30 years
Work in progress	Not amortized

l) Land Held for Sale or Disposal (Not Included in Tangible Capital Assets)

Land held for sale or disposal represents land not held for use in the provision of municipal services and is intended for sale. Such land is recorded at the lower of cost and net recoverable amount and is presented separately from tangible capital assets.

m) Inventories

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

n) Government Transfers

Government transfers are recognized as revenues in the period when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability, in which case transfers are recognized as deferred revenue. Transfer revenue is recognized in the Statement of Operations as the stipulation liabilities are settled.

o) Land Sales

Land sales are recognized as of the earlier of the transfer of title or transfer of possession under an agreement to sell.

p) School taxes

School taxes are levied by the City on behalf of the School Boards and are not reported as revenue. The school mill rate set by Council is the rate necessary to meet the requisitions of the School Boards. School Board requisitions are paid quarterly and the fourth payment is paid subsequent to the City's year end. All school taxes, net of uncollectible accounts, are paid or payable to the School Boards.

NOTES TO THE FINANCIAL STATEMENTS

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Property Taxes

Property taxes are a function of assessed values and mill rates. The assessed values are determined through application of Territorial legislation and the mill rates are set by Council. The revenue is recognized in the period the taxes are levied.

r) Tourist Accommodation Taxes

Tourist accommodation taxes are levied by the City on the purchase of short-term accommodation, being 30 days or less, at a tourist accommodation facility at a rate set by Council. The revenue is recognized in the period the taxes are levied.

s) Revenue Recognition

User fees and sale of goods are recognized as revenue when the services or goods are provided and there is reasonable assurance of collections. Investment income is recorded as revenue in the period earned. All other revenues are recognized in the year that the events giving rise to the revenues occur and the revenues earned.

t) Local Improvement Charges

When a service or improvement is deemed to benefit a specific area more than the municipality as a whole, the City may levy a local improvement charge on the impacted properties. The local improvement charge is recognized as a revenue in the year the project is substantially complete.

u) Minor Capital Expenses

Minor capital expenses represent the total of minor capital purchases that do not meet the City's criteria for classification as tangible capital assets but are funded through the capital budget. They are recognized as expenses in the period in which they are acquired and are reported at cost.

v) Accrued Employee Benefits

The City and its employees make contributions to the Northern Employee Benefits Services Pension Plan. As this plan is a multi-employer plan, contributions are expensed as incurred.

Compensated absences, long service bonuses and termination benefits also accrue to the City's employees. The liabilities related to these employee benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefit plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits. Actuarial gains and losses on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The accumulated actuarial gains and losses are amortized over the average remaining service period of the active employees.

w) Measurement Uncertainty

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the period. Significant items subject to estimates include the asset retirement obligations, accrued receivables, accrued employee benefits, allowances for doubtful accounts, provisions for contingencies, land held for resale and the determination of useful lives of tangible capital assets. These estimates are reviewed periodically and adjustments are reported in earnings in the year in which they become known.

Actual results could differ from these estimates as additional information becomes available in the future.

NOTES TO THE FINANCIAL STATEMENTS

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

x) Budget

Budget figures are those approved by Council on December 9, 2024.

y) Segment Disclosure

The Schedule of Segment Disclosure has been prepared in accordance with PSA Handbook Section PS 2700 – Segment Disclosures. The segments selected are to enable users to better understand the government reporting entity and the major revenue and expense activities of the City. For each reported segment, revenues and expenses represent amounts directly attributable to each segment.

The segments have been selected based on a presentation similar to that adopted for the City's financial planning and budgeting processes. Segments include:

General Government:

Includes the revenues and expenses pertaining to Mayor and Council, administration, policy, corporate services, communications, economic development and strategy, Tourist Accommodation Tax assessment, human resources, office of the City Clerk, financial services, budgeting and financial reporting, property tax assessment, purchasing and risk management, information technology, Council meetings, asset management, participation in community events, conferences, memberships and public relations.

Community Services:

Includes the revenues and expenses pertaining to recreation programs, City facilities, the library and community grants.

Planning and Development:

Includes the revenues and expenses pertaining to permitting (development, building and mechanical), building and structural inspections, land use planning, development and zoning, and land sales.

Public Safety:

Includes the revenues and expenses pertaining to emergency services (fire, ambulance and dispatch), enforcement (municipal enforcement) and emergency preparedness.

Public works and Engineering:

Includes the revenues and expenses pertaining to the maintenance and repair of the City's roadways and sidewalks, and the provision of a vehicle service to all City departments. Also included are expenses pertaining to project management of capital programs such as the roads and sidewalks program, the water and sewer program, the land development program, and the major and minor capital works for other City departments.

Solid Waste Facility:

Includes the revenues and expenses pertaining to garbage and waste collection.

Water and Sewer:

Includes the revenues and expenses pertaining to the provision of piped and trucked water and sewer services.

NOTES TO THE FINANCIAL STATEMENTS

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

2. CURRENT AND FUTURE ACCOUNTING CHANGES

PSAS's Conceptual Framework PS 1200

PSAS's Conceptual Framework for Financial Reporting in the Public Sector replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The Conceptual Framework applies to fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted. This Conceptual Framework is to be applied prospectively.

Financial Statement Presentation, Section PS 1202

This standard establishes a new financial reporting model related to a revised conceptual framework. This new reporting model will build upon existing Section PS 1201 of the same name to better respond to the need for understandable financial statements. This Section is effective for fiscal years beginning on or after April 1, 2026, with earlier adoption permitted if the entity adopts the revised conceptual framework at the same time. The impact of the transition to these accounting standards is being reviewed by management.

3. CASH AND CASH EQUIVALENTS

		2025		2024
Cash - unrestricted	**$**	**74,091**	$	70,172
Investment in money market funds - restricted		**9,512**		9,293
Cash held in trust - restricted		**23**		22
Cash - deferred revenue - restricted (Note 11)		**17,107**		16,836
Cash - designated for reserves (Note 16)		**9,707**		11,491
	$	**110,440**	$	107,814

The average yield earned from investments in money market funds was 2.48% (2024 - 4.30%).

4. GRANTS RECEIVABLE

		2025		2024
Government of Canada				
CanNor Reducing Barriers	**$**	**-**	$	3
CIRNAC Giant Mine - Municipal Capacity Building - Training		**8**		8
Disaster Financial Assistance Program - Wildfire		**827**		7,263
Disaster Mitigation and Adaptation Fund- Submarine Line		**-**		81
Lift Station #1 Replacement - Canada Housing Infrastructure Fund (CHIF)		**3,415**		-
Government of the Northwest Territories				
CEP Transportation Initiative		**-**		5
Increasing Waste Diversion (ICIP)		**210**		142
Lagoon Expansion (ICIP)		**-**		103
Paving Project (ICIP)		**6**		1,888
New Landfill Cell Design (ICIP)		**2,461**		-
Public Library Services		**125**		-
Transform your Yard		**-**		1
	$	**7,052**	$	9,494

NOTES TO THE FINANCIAL STATEMENTS

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

5. TAXES RECEIVABLE

	2025	2024
Property taxes receivable	**$ 2,875**	$ 2,988
Payments in lieu of taxes receivable	**689**	3,239
Tourist accommodation taxes receivable	**519**	-
	4,083	6,227
Less: Allowance for doubtful taxes receivable	**(1,666)**	(1,666)
	$ 2,417	$ 4,561

6. WATER AND SEWER RECEIVABLE

	2025	2024
Water and sewer fees receivables	**$ 2,429**	$ 2,218
Less: Allowance for doubtful receivable	**(506)**	(492)
	$ 1,923	$ 1,726

7. OTHER RECEIVABLE

	2025	2024
Land sales and trade accounts receivable	**$ 5,005**	$ 5,418
Community services receivables	**969**	490
Municipal enforcement receivables	**1,338**	1,152
Power distribution franchise	**1,443**	1,269
GST receivable	**109**	546
Other	**666**	180
	9,530	9,055
Less: Allowance for doubtful receivable	**(2,431)**	(2,427)
	$ 7,099	$ 6,628

8. LOCAL IMPROVEMENT CHARGE RECEIVABLE

	2025	2024
Niven Lake Subdivision - Phase 7	**$ 91**	$ 138
Yellowknife Condominium Corporation No. 8	**11,152**	11,735
	$ 11,243	$ 11,873

a) Niven Lake Subdivision - Phase 7

The City has levied a local improvement charge ("LIC") on certain properties in Blocks 308 and 309, Plan 4204, known as Stage 2, Phase 7, Niven Lake Subdivision to pay for the costs of infrastructure and other local improvements. Each owner of the affected properties is responsible for paying the LIC. The LIC is levied over a fifteen year period which started in January 2014. A 3.59% annual interest rate is charged to recover the carrying costs incurred by the City as a result of the local improvements.

The owner of a property to which the LIC applies may pay the entire balance in full plus interest calculated up to the date of the payment.

NOTES TO THE FINANCIAL STATEMENTS

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

8. LOCAL IMPROVEMENT CHARGE RECEIVABLE (CONTINUED)

b) Yellowknife Condominium Corporation No. 8

The City has levied a LIC on certain properties in Block 163, Plan C2090, known as Yellowknife Condominium Corporation No. 8 ("Condo Corp") to pay for the cost of installing water and sewer infrastructure servicing the Condo Corp. Each owner of the affected properties is responsible for paying the LIC. The LIC is levied over a twenty-five year period which started in January 2016. A 3.30% annual interest rate is charged to recover the carrying costs incurred by the City as a result of the local improvements.

The owner of a property to which the LIC applies may pay the entire balance in full plus interest calculated up to the date of the payment and early repayment fee.

9. LAND HELD FOR RESALE

Land held for resale is classified as a financial asset and recognized at total cost of $1,265,000 (2024 - $928,000). Land held for resale has an estimated market value of $9.93 million (2024 - $9.79 million).

10. ACCRUED EMPLOYEE BENEFITS

	2025	2024
Net accrued employee benefits obligation	**$ 2,570**	$ 2,309
Vacation and lieu	**1,430**	1,285
Wages	**960**	879
	$ 4,960	$ 4,473

The City's post employment benefits and compensated absences are comprised of:

Severance pay payable under the various employment agreements. Qualifying employees are entitled to severance pay upon retirement, death or termination of service.

A long service bonus payable to employees upon completion of five years of service and for each subsequent five years of service.

Compensated absences representing benefits expected to be paid during future employee absences in respect of sick leave earned in previous years.

Vacation and lieu and wages representing benefits that have been earned by employees as of December 31, 2025.

An actuarial valuation of the accrued employee benefits obligation was completed as of December 31, 2022 and an extrapolation was completed to December 31, 2025. Actuarial gains and losses are amortized on a straight-line basis over 7 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year the actuarial gains or losses occur.

NOTES TO THE FINANCIAL STATEMENTS

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

10. ACCRUED EMPLOYEE BENEFITS (CONTINUED)

Information about the City's accrued employee benefits obligation is as follows:

	2025	2024
Accrued employee benefits obligation, beginning of year	$ 2,632	$ 2,553
Current service cost	196	186
Interest cost	105	109
Benefits paid	(170)	(224)
Actuarial loss (gain)	93	8
Accrued employee benefits obligation, end of year	2,856	2,632
Unamortized net actuarial loss	(286)	(323)
Net accrued employee benefits obligation	$ 2,570	$ 2,309

Accrued employee benefits obligation is comprised of the following:

	2025	2024
Severance pay	$ 2,317	$ 2,060
Long service bonus	121	127
Compensated absences	418	445
Accrued employee benefits obligation, end of the year	$ 2,856	$ 2,632

Total expenses related to the future employee benefits include the following:

	2025	2024
Current service cost	$ 196	$ 186
Interest cost	105	109
Amortization of net actuarial loss	131	130
Total expense	$ 432	$ 425

The significant actuarial assumptions adopted in measuring the future employee benefits obligation are as follows:

	2025	2024
Discount rate (%)	4.1 %	3.9 %
Base wage inflation (%)	2.0 %	2.0 %
Salary merit scale (%)	0.5 %	0.5 %
Average years of service	7 years	7 years

NOTES TO THE FINANCIAL STATEMENTS

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

11. DEFERRED REVENUE

	2024	Externally restricted inflows	Revenue Earned	2025
Government of the Northwest Territories				
Community Public Infrastructure (CPI)	$ 7,961	5,661	(5,656)	$ **7,966**
Tourism Strategy	1	-	(1)	**-**
Community Tourism	19	-	(19)	**-**
Shop Local	-	13	-	**13**
Ground Ambulance	164	37	(37)	**164**
SEED	20	1	(21)	**-**
Tourism Product Diversification & Marketing	8	-	(8)	**-**
Assist Tourism	137	161	(161)	**137**
Transform Your Yard	11	-	3	**14**
Sports & Recreation	2	80	(82)	**-**
Access to Business Information	-	12	-	**12**
Government of Canada				
Federation of Canadian Municipalities Green Municipal Fund (GMF)	38	(10)	-	**28**
Giant Mine	146	90	(42)	**194**
Canada Mortgage and Housing Corporation	2,104	2,214	(753)	**3,565**
Gas Tax / Canada Community Building Fund (CCBF)	4,620	6,067	(8,256)	**2,431**
CANNOR Reducing Barriers	140	-	(140)	**-**
Reaching Homes	1,075	4,332	(3,670)	**1,737**
Other	390	2,274	(1,818)	**846**
	$ 16,836	$ 20,932	$ (20,661)	$ **17,107**

NOTES TO THE FINANCIAL STATEMENTS

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

12. DEBT

	2025	2024
Capital		
TD Canada Trust Swap #904866T, authorized by By-law 4681 to finance the cost of building a new Water Treatment Plant, with monthly payments of $139 thousand including principal & interest at 3.10%, expiring June 2028.	**$ 4,009**	$ 5,356
TD Canada Trust Swap #909370T, authorized by By-law 4737 to finance the cost of building a new Water Treatment Plant, with monthly payments of $6 thousand including principal & interest at 3.98%, expiring August 2028.	**188**	257
TD Canada Trust Swap #909371T, authorized by By-law 4737 to finance the cost of building a new Water Treatment Plant, with monthly payments of $22 thousand including principal & interest at 3.71%, expiring August 2028.	**662**	888
TD Canada Trust Swap #45777, authorized by By-law 5044 to finance the development of an Aquatic Centre, with monthly payments of $75 thousand including principal & interest at 4.14%, expiring July 2037.	**8,235**	9,386
	13,094	15,887
General		
TD Canada Trust Swap #903174T, authorized by By-law 4707 to finance the cost of a local improvement in the Yellowknife Condominium Corporation No. 8 Mobile Home Park, with monthly payments of $27 thousand including principal & interest at 3.30%, expiring May 2038.	**8,918**	9,094
TD Canada Trust Swap #920732T, authorized by By-law 4766 to finance the cost of local improvements on certain properties in Stage 2, Phase 7, Niven Lake Subdivision, with monthly payments of $7 thousand including principal & interest at 3.58%, expiring January 2029.	**107**	137
	9,025	9,231
	$ 22,119	$ 25,118

The City has an operating facility with TD Canada Trust with an authorized limit of $10 million (2024 - $10 million), of which $0 (2024 - $0) was utilized at year end. The operating facility bears interest at prime minus 0.25% (2024 - prime minus 0.25%) and is due on demand.

NOTES TO THE FINANCIAL STATEMENTS

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

12. DEBT (CONTINUED)

The City has reduced its exposure to interest rate fluctuations by entering into interest rate swaps on its debentures. The fair value of the interest rate swaps is recorded in the Statement of Financial Position against the related debt balance with changes in the fair value reflected in the Statement of Remeasurement Gains and Losses. For the year ended December 31, 2025, the market value loss on the interest rates swaps was $42,000 (2024 - $181,000 loss). The amortized cost of the debt at December 31, 2025 was $13.09 million (2024 - $15.45 million) for the Capital debt and$9.02 million (2024 - $9.63 million) for General debt.

Debentures are covered by taxes and penalties levied, all grants and sundry revenues. Total interest paid in 2025 on debt was $841,000 (2024 - $936,000). Annual principal repayment requirements on debt for the next five years are as follows:

2026	$	**3,066**
2027		**3,172**
2028		**2,329**
2029		**1,296**
2030		**1,342**
2031 and thereafter		**10,914**
	$	**22,119**

13. ASSET RETIREMENT OBLIGATIONS

The City has recorded asset retirement obligations for the closure and post-closures of its landfills, removal of asbestos from its buildings constructed prior to 1990 and remediation of its fuel tanks, below and above ground. A discount rate of 4.52% was used to estimate the present value of the future expenditures.

The City accrues estimates expected costs related to its asset retirement obligations at the time each asset is acquired or constructed. The post-closure undiscounted cash flows for the landfills are expected to occur at the end of the assets useful lives over a 30-year period, while the asset retirement obligation for the asbestos in buildings and fuel tanks are expected to be settled at the time of disposal or sale.

a) Landfill Closures and Post-Closure obligation

The City has two operational landfill sites, Old Landfill and Cell A and Cell B. The main components of the landfill closure plan are final capping using selected specific layers of earthen and synthetic materials based on engineered cap design, installation of groundwater monitoring wells and gas vents, and implementation of a drainage management plan. The post-closure care requirements will involve cap maintenance, groundwater and gas monitoring, and inspections. The costs were based upon a third party report that estimated the closure and post-closure costs.

At January 1, 2023, the date of recognition of the liability the undiscounted costs for the Old Landfill were estimated at $23.36 million and the Old Landfill is expected to operate until 2040. At January 1, 2023 the undiscounted costs for the Cell A and Cell B Landfill were estimated at $6.65 million and the Cell A and B are expected to operate until 2028.

b) Asbestos in Buildings

The City owns and operates several buildings that are known to have asbestos and as a result the City has recognized an obligation relating to the removal and post-removal care of the asbestos in its buildings. The buildings have remaining useful lives of up to 38 years.

c) Fuel Tanks

The City has several fuel tanks above and underground and as a result the City has recognized an obligation relating to fuel tank decommissioning. The fuel tanks have remaining useful lives of up to 18 years.

NOTES TO THE FINANCIAL STATEMENTS

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

13. ASSET RETIREMENT OBLIGATIONS (CONTINUED)

While the asset retirement obligation is based on management’s best estimates of future costs, there is uncertainty regarding both the amount and timing of these expenditures. Management, as at December 31, 2025, does not foresee any events or circumstances in the future that would have a significant impact on the estimated value of the asset retirement obligation.

It is management’s opinion that these assumptions are reasonable in the circumstance as at December 31, 2025.

Changes to the asset retirement obligations are as follows:

	Landfill Closure and post-closure	Asbestos in buildings	Fuel tanks	Total
Balance, beginning of period	$ 17,941	$ 484	$ 241	$ **18,666**
Accretion expense	783	15	10	**808**
Balance, end of period	$ 18,724	$ 499	$ 251	$ **19,474**

14. LAND HELD FOR SALE OR DISPOSAL (NOT INCLUDED IN TANGIBLE CAPITAL ASSETS)

These parcels do not provide service potential and are excluded from tangible capital assets.

15. HOMELESSNESS PROJECT

The City, by agreement with the Government of Canada, is the Community Entity that administers funding from the Government of Canada's Reaching Home: Canada's Homeless Strategy on behalf of the Yellowknife Community Advisory Board on Homelessness (CAB). The revenues and expenses are not reflected in the City's budget or audited financial statements. A separate schedule of revenues and expenses is prepared and submitted to the Government of Canada.

As of December 31, 2025, the City has $1.74 million (2024 - $1.08 million) in unexpended funding related to the Reaching Home agreement. The unexpended funds are included in the City's cash and deferred revenues on the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

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

16. FUND ACTIVITIES AND CHANGE IN FUND BALANCES

The Statements reflect all resources and operations controlled by the City and include departments, funds and reserves. A fund is a grouping of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City has established the following funds to achieve and demonstrate compliance with finance-related requirements:

1. **General Fund** reports on tax supported operations, which include services provided by the City to the residents such as public safety, parks and recreational services, transit services, street maintenance and administrative and governance support.
2. **Capital Fund** reports on capital projects that are supported by taxes, user fees and/or grants from other orders of government. The Capital Fund is made up of, but is not limited to, reporting on the acquisition and/or construction of: streets, parks and recreation facilities, water and sewer infrastructure and other municipal facilities.
3. **Water and Sewer Fund** reports on activities related to the provision of piped and trucked water and sewer services. The revenue is derived from user fees.
4. **Solid Waste Management Fund** reports on activities related to garbage and waste collection services. The revenue is derived from user fees.
5. **Land Development Fund** reports on activities related to the acquisition, development and sale of municipal lands. The revenue is derived from land sales.
6. **Service Connection Failure Assistance Fund (SCFA)** – established to provide residents with a low-cost program to cover water and sewer service repairs. The revenue is derived from user fees.

City Council has approved the establishment of Reserves. Reserves are a portion of the City's surplus that is retained or set aside for future use. The City has established three Capital Reserves, five Operating Reserves and one Dedicated Reserve.

1. **Information Technology Reserve, Mobile Equipment Replacement Reserve, and the Major Community Facility Reserve** have been set-up to finance current and anticipated future capital projects, thereby reducing the need to issue debt.
2. **Downtown Development Reserve, Heritage Reserve, Samuel Colley Library Donation Reserve, Revitalization Initiative Reserve, and Community Grant Reserve** provide designated revenue to fund expenses related to future initiatives in these areas.
3. **Tourist Accommodation Tax Reserve** ensures revenues collected through the Tourist Accommodation Tax are directed towards tourism development and promotion.

NOTES TO THE FINANCIAL STATEMENTS

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

16. FUND ACTIVITIES AND CHANGE IN FUND BALANCES (CONTINUED)

	General Fund	Land Development Fund	Solid Waste Management Fund	Water and Sewer Fund	Capital Fund	Service Connection Failure Assistance Fund	Reserves*	Equity in Tangible Capital Assets	2025 Total
Balance, beginning of year	$ 12,102	$ 17,214	$ 13,245	$ 6,214	$ 35,243	$ 109	$ 11,491	$ 308,305	**$ 403,923**
Annual operating surplus (deficit) before inter-fund transfers	(8,644)	372	(399)	(6,178)	36,048	58	-	-	**21,257**
Net inter-fund transfers									
Tangible capital assets purchases	-	-	-	-	(34,519)	-	-	34,519	**-**
Amortization of tangible capital assets	7,694	-	1,632	6,503	-	-	-	(15,829)	**-**
Net disposal of tangible capital assets	137	-	-	-	-	-	-	(137)	**-**
Accretion cost for asset retirement obligation	25	-	784	-	-	-	-	(809)	**-**
Long-term debt repayments related to capital	-	-	-	-	(2,794)	-	-	2,794	**-**
Net transfer from (to) other funds/reserves	3,684	(893)	(446)	(1,104)	1,863	-	(1,784)	(1,320)	**-**
Balance, end of year	$ 14,998	$ 16,693	$ 14,816	$ 5,435	$ 35,841	$ 167	$ 9,707	$ 327,523	**$ 425,180**

The equity in tangible capital assets is comprised of tangible capital assets of $360.09 million (2024 - $342.86 million) less debt-capital of $13.09 million (2024 - $15.89 million) and asset retirement obligations of $19.47 million (2024 - $18.67 million).

*** Reserves consist of:**	Opening Balance	Increases	Decreases	**Closing Balance**
Community grant reserve	$ 28	$ -	$ -	**$ 28**
Downtown development reserve	739	181	(250)	**670**
Heritage reserve	174	-	-	**174**
Information technology reserve	1,836	300	(508)	**1,628**
Major community facility reserve	994	60	-	**1,054**
Mobile equipment replacement reserve	7,255	2,763	(4,347)	**5,671**
Samuel Colley library donation reserve	465	17	-	**482**
	$ 11,491	$ 3,321	$ (5,105)	**$ 9,707**

NOTES TO THE FINANCIAL STATEMENTS

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

17. CONTINGENCIES

a) Insurance

The City participates in the NWT Association of Communities Insurance Programs. Under these programs, the City could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

b) Litigation

In the normal course of operations, the City is subject to various legal claims. Management believes it has appropriate insurance coverage in place to mitigate financial impacts from most legal claims.

c) Fire Fighters Contract

The City's collective agreement with International Association of Fire Fighters Local 2890 expired on December 31, 2023. A new collective agreement is still in negotiations. As the agreement will be effective January 1, 2024, the City may be responsible for back-pay if the negotiated rates are higher than those already paid out. As at December 31, 2025, the City is unable to determine the amount of back-pay required.

18. COMMITMENTS

a) Service Contracts

In the course of normal operations the City has entered into various multi-year service contracts. The minimum payments for these contracts for the next five years are as follows:

	Total
2026	$ 7,947
2027	4,700
2028	3,545
2029	3,418
2030 or thereafter	27
	$ 19,637

b) Capital Contracts

The City regularly enters into contracts related to capital projects. The amount represents the incomplete portions of these contracts as of December 31, 2025. The expected minimum payments for these contracts is $41.21 million. A reliable breakdown of remaining costs by fiscal year is not reasonably determinable at this time due to uncertainties in construction scheduling, scope changes, and dependency on contractor progress. The Lift Station #1 replacement project is expected to be substantially completed by 2028.

NOTES TO THE FINANCIAL STATEMENTS

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

19. PENSION AGREEMENTS

Eligible employees of the City are members of the Northern Employee Benefits Services ("NEBS") Pension Plan (the "Plan"), a multi-employer defined benefit plan. The Plan is administered by NEBS as part of a benefits program providing insurance, health care and pension benefits for employees of member employers in the North. NEBS is a member owned, not-for-profit corporation of which the City is a member.

Total contributions remitted by the City to the NEBS Plan were as follows:

		2025		2024
Employers' contribution	**$**	**2,099**	$	2,041
Employees' contribution		**2,099**		2,041
	$	**4,198**	$	4,082

Participating employers in the Plan, including the City, are required to make contributions to the plan of 8% (2024 - 8%) of pensionable earnings, and to remit employee contributions of 8% (2024 - 8%). These contributions cover current service costs and a provision for adverse deviation.

As at January 1, 2025, the Plan had a going concern surplus of $81.3 million (2024 - $66.5 million), a wind up deficit of $3.2 million (2024 - $69.0 million) and a funded ratio of 120% (2024 - 119%). The Plan serves 4,515 employee members and 119 participating employers.

The Plan is governed by the Northern Employee Benefits Services Pension Plan Act (in force October 1, 2015) (the “Act”) and a Plan text document maintained by the administrator of the Plan. The Act and the Plan text document provide any going concern shortfalls, should they arise, are to be paid down over no more than 15 years and that contribution rates may be increased if necessary to do so. Pursuant to the Act, the Plan is exempt from compliance with the Pension Benefits Standards Act, 1985 (“PBSA”) and is not required to be funded on a solvency basis.

Both the Act and the Plan text document provide that participating employers, such as the City, are liable for their share of any funding shortfalls in the Plan as determined on a going concern basis, and on Plan windup. It is expected that should the City cease to be a member of the Plan it would also be liable for their share of any funding shortfalls. Management does not have concerns on the Plan’s ability to continue as a going concern and have evaluated the risk of Plan windup as low. Management believes the City will continue to be a member of the Plan for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

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

20. RISK MANAGEMENT

The City is exposed to credit, interest rate, and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the City's financial instruments is provided by type of risk below.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The City's exposure to credit risk relates to its cash and cash equivalents and receivables and arises from the possibility that a debtor does not fulfil its obligations. The City performs a continuous evaluation of its financial assets and records impairment in accordance with the stated policies. Approximately 25% of the City's accounts receivable are from federal and territorial governments, which minimizes credit risk. 7% of the City's receivables are taxes receivable which the City can collect through land sales.

The aged financial assets that are past due but not impaired are as follows:

Financial Asset	>30 days	>60 days	>90 days
Taxes Receivable	$ 519	-	$ 1,898
Water & Sewer Receivable	246	132	574
Other Receivable	2,253	616	1,268
	$ 3,018	$ 748	$ 3,740

As at year-end, management has determined that a portion of taxes receivable, water and sewer receivables, and other receivables are impaired, and have been disclosed in notes 5, 6, and 7. Management's assessment is based on the age of the receivables.

b) Concentration of Credit Risk

The City has concentration of credit risk in its grants receivable. Concentration of credit risk is the risk that a funder has a significant portion of the total balance and thus there is a higher risk to the City in the event of a default. At December 31, 2025, grants receivable from one funder amount to 11% of the total outstanding receivables. The City believes this risk to be low given the funder is a government.

The City is also exposed to concentration of credit risk to the extent that substantially all cash is held at one financial institution. The financial institution is a major Canadian bank. The bank and deposits held by the Canadian chartered bank are insured by the Canadian Deposit Insurance Corporation. In the event of default, the City's cash is insured up to $100,000.

c) Liquidity Risk

Liquidity risk is the risk that the City will encounter difficulty in meeting its obligations associated with financial liabilities. The City's exposure to liquidity risk relates to accounts payable and accrued liabilities, accrued employee benefits, school taxes payable, deposits payable and debt and arises from the possibility that the timing and amount of its cash inflows will not be sufficient to enable it to meet its financial obligations as they become due. Management believes this risk is minimized through ensuring that sufficient liquid assets are maintained to meet anticipated payments. Accounts payable and accrued liabilities, school taxes payable and vacation and lieu and wages included in accrued employee benefits are short term in duration and are set to mature within one year. Deposits are to be paid as deposit requirements are fulfilled and accrued employee benefit obligations will be paid as employees use sick leave or receive severance and long service bonuses. The maturities of debt is disclosed in note 12. There have been no significant changes to the liquidity risk from the previous year.

NOTES TO THE FINANCIAL STATEMENTS

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

20. RISK MANAGEMENT (CONTINUED)

d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The City is exposed to market risk as follows:

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The City's interest-bearing financial instruments include fixed rate debt. The fair values of fixed rate financial instruments fluctuates as market rates of interest change. The cash flows resulting from variable rate financial instruments fluctuates as interest rates applicable to the instruments change. Management has attempted to mitigate this risk by entering into interest rate swaps for its debt.

At December 31, 2025, the total value of the interest rate swaps is $22.12 million. An increase of 100 basis points in interest rates at the reporting date would have decreased annual operating surplus by $1.06 million. A decrease of 100 basis points in interest rates at the reporting date would have increased annual operating surplus by $1.06 million. This analysis assumes that all other variables remain constant.

21. CONTRACTUAL RIGHTS

The City has entered into one-time agreements with higher orders of government that will result in transfers of funds to the City. Each agreement has stipulations that must be met before the transfer can be recognized as revenue.

The total capital transfers expected to be received from these agreements includes the following:

		Total
• ICIP - Increasing Waste Diversion (2024-2027)	$	6
• ICIP - Lagoon Expansion & Sludge Removal (2024-2027)		4,742
• ICIP - Paving (2024-2027)		1,013
• DMAF - Submarine Line (2024-2028)		23,939
• CMHC - Housing Accelerator Fund (2023-2027)		7,568
• CHIF - Lift Station and Sewer Force Main Replacement (2025-2031)		37,610
	$	74,878

The City receives an operating transfer for power distribution franchise fees based on a percentage of gross revenue of the franchisee until December 31, 2035.

NOTES TO THE FINANCIAL STATEMENTS

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

22. MEASUREMENT UNCERTAINTY

a) Liability for Contaminated Sites

A contaminated site is an unproductive site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. 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 for the amount can be made.

b) Asset retirement liabilities

Asset retirement obligation costs are subject to significant measurement uncertainty. The current provision includes a material estimate for contingency costs, capacity and capacity used. The City plans to have a third party review of the landfill closure and post closure costs completed every three years. The last review was completed on June 30, 2023.

c) Grants receivable

Grants receivable includes $0.83 million receivable from the Disaster Financial Assistance Arrangements program related to the expenses incurred due to the wildfires in Yellowknife in August and September 2023. The Disaster Financial Assistance Arrangements will provide funding for up to 100% of the eligible expenses incurred by the City to respond to the wildfire threats. The City is uncertain that all costs incurred will be considered eligible costs as the City has not previously applied for this funding. To address the uncertainty involved, the City has accrued revenues equal to 75% of the costs incurred to date of $13.34 million, resulting in the grant revenue of $10.01 million recognized in the financial statements - $1.90 million in 2024 and $8.11 million in 2023. The City has received $9.18 million as of December 31, 2025 resulting in $0.83 million receivable as of December 31, 2025. This is management's best estimate and any differences will be reflected in the period the funding is received.

Summary of Wildfire Expenditures		**Total**
Total expenditure incurred and claimed	$	13,341
Recognized grant revenue at 75% of expenditures		10,006
Less received in 2024		(2,743)
Receivable, December 31, 2024		7,263
Less received in 2025		(6,436)
Receivable, December 31, 2025	**$**	**827**

SCHEDULE OF GOVERNMENT TRANSFERS OPERATING

For the year ended December 31, 2025 (in thousands of dollars)	2025 Budget (Unaudited)	**2025 Actual**	2024 Actual
Government of Canada			
Disaster Financial Assistance Program - Wildfire	$ -	**$ -**	$ 2,070
Canadian Northern Economic Development Agency (CanNor)			
Giant Mine	144	**42**	9
Canadian Heritage			
Canada Day Celebration	25	**-**	26
Canada Mortgage and Housing Corporation - Housing Accelerator Fund	367	**402**	25
Other	-	**40**	81
	536	**484**	2,211
Government of the Northwest Territories			
MACA Contribution Agreements			
Property Assessment	125	**125**	125
Public Library Services	110	**125**	110
Ground Ambulance and Highway Rescue	37	**74**	(37)
MACA Water and Sewer Funding	503	**727**	503
Community Government Carbon Tax Revenue Sharing Grants	629	**1,043**	-
Industry, Tourism and Investment Agreements			
Community Tourism	-	**19**	-
Economic Development Officer	-	**50**	-
Visitor Services/ Assist Tourism	161	**161**	-
Tourism Strategy	9	**-**	1
Shop Local Program	-	**-**	7
Transform Your Yard	41	**(3)**	15
Tourism Product Diversification	-	**8**	-
Literacy Council	5	**8**	3
Other	5	**21**	13
	1,625	**2,358**	740
	$ 2,161	**$ 2,842**	$ 2,951

SCHEDULE OF GOVERNMENT TRANSFERS CAPITAL

For the year ended December 31, 2025 (in thousands of dollars)	2025 Budget (Unaudited)	**2025 Actual**	2024 Actual
Government of Canada			
Gas Tax / Canada Community Building Fund (CCBF)	$ 11,220	**$ 8,256**	$ 10,503
Disaster Mitigation and Adaptation Fund (DMAF)	-	**29**	80
Canada Mortgage Housing Corporation - Housing Accelerator Fund	1,740	**351**	83
Canada Housing Infrastructure Fund	-	**3,415**	-
Home Energy Financing	-	**-**	41
	12,960	**12,051**	10,707
Government of the Northwest Territories			
MACA Contribution Agreements			
MACA Formula Funding	8,284	**8,307**	8,284
Community Public Infrastructure (CPI) Funding	4,546	**5,656**	4,010
Sport and Recreation Grant	80	**82**	78
Aquatic Centre Biomass Boiler	-	**-**	186
Lift Station #1 Replacement (ICIP)	5,553	**-**	-
Lagoon Expansion (Lagoon Sludge Removal) (ICIP)	-	**21**	55
New Landfill/Landfill Expansion - New Landfill Cell Design (ICIP)	2,018	**3,551**	-
Paving Project (ICIP)	-	**148**	365
Weigh Station (ICIP)	-	**710**	145
Others	-	**(5)**	-
	20,481	**18,470**	13,123
	$ 33,441	**$ 30,521**	$ 23,830

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2025 (in thousands of dollars)	**Land**	**Buildings**	**Roads & Sidewalks Infrastructure**	**Water & Sewer Infrastructure**	**Other Infrastructure**	**Vehicles**	**Equipment**	**Work in Progress**	**2025 Totals**
Cost									
Balance, beginning of year	$ 36,092	$ 136,445	$ 102,333	$ 196,676	$ 36,847	$ 5,760	$ 22,098	$ 80,793	**$ 617,044**
Add: Additions during year	-	73,379	3,793	6,287	703	1,957	3,237	(54,837)	**34,519**
Less: Disposals during year	(185)	-	-	(1,338)	-	(903)	(1,183)	-	**(3,609)**
Less: Transfers	(1,320)	-	-	-	-	-	-	-	**(1,320)**
Balance, end of year	34,587	209,824	106,126	201,625	37,550	6,814	24,152	25,956	**646,634**
Accumulated amortization									
Balance, beginning of year	-	66,337	61,924	111,300	17,231	3,192	14,202	-	**274,186**
Add: Amortization during the year	-	3,277	4,104	4,974	1,970	408	1,096	-	**15,829**
Less: Accumulated amortization on disposals	-	-	(64)	(1,286)	-	(903)	(1,219)	-	**(3,472)**
Balance, end of year	-	69,614	65,964	114,988	19,201	2,697	14,079	-	**286,543**
Net book value of tangible capital assets	**$ 34,587**	**$ 140,210**	**$ 40,162**	**$ 86,637**	**$ 18,349**	**$ 4,117**	**$ 10,073**	**$ 25,956**	**$ 360,091**
2024 net book value of tangible capital assets	$ 36,092	$ 70,108	$ 40,409	$ 85,376	$ 19,616	$ 2,568	$ 7,896	$ 80,793	$ 342,858

SCHEDULE OF SEGMENT DISCLOSURE

For the year ended December 31, 2025 (in thousands of dollars)	2025 Budget (Unaudited)	General Government	Community Services	Planning and Development	Public Safety	Public Works and Engineering	Solid Waste Facility	Water and Sewer	2025	2024
Revenues										
Municipal taxation	$ 40,433	$ 40,475	$ -	$ -	$ -	$ -	$ -	$ -	**$ 40,475**	$ 37,931
Tourist accommodation tax	-	1,071	-	-	-	-	-	-	**1,071**	-
User fees and sale of goods	26,804	421	3,153	323	4,637	290	4,508	15,979	**29,311**	26,092
Land sales	1,032	-	-	220	-	-	-	-	**220**	1,789
Grant and transfers	2,161	1,453	153	402	107	-	-	727	**2,842**	2,951
Investment income	2,345	3,529	-	81	-	-	-	-	**3,610**	5,230
Fines, penalties and cost of taxes	964	465	4	-	448	-	-	149	**1,066**	938
Development levies, licenses and permits	990	704	28	913	150	-	-	-	**1,795**	1,207
Franchise fees	1,100	1,375	-	-	-	-	-	-	**1,375**	1,209
Total Revenues	75,829	49,493	3,338	1,939	5,342	290	4,508	16,855	**81,765**	77,347
Expenses										
Amortization of tangible assets	-	550	2,119	-	378	4,646	1,633	6,503	**15,829**	15,876
Asset retirement accretion costs	-	25	-	-	-	-	783	-	**808**	785
Provision for allowance	180	4	-	-	-	-	-	-	**4**	438
Bank charges and short -term interest	243	243	-	-	-	-	-	-	**243**	227
Materials and supplies	2,364	321	525	112	159	448	23	533	**2,121**	1,255
Contracted and general services	22,406	4,401	4,057	493	1,106	5,424	867	5,132	**21,480**	22,674
Tourism sub contract	-	1,071	-	-	-	-	-	-	**1,071**	-
Insurance	918	1,032	-	-	-	-	-	-	**1,032**	827
Interest debt	541	844	-	(3)	-	-	-	-	**841**	936
Mayor and council expenses	759	615	-	-	-	-	-	-	**615**	702
Salaries, wages, and employee benefits	40,888	10,626	8,657	2,173	9,426	3,948	1,446	3,270	**39,546**	34,910
Utilities- electricity	4,820	122	1,700	-	69	55	44	2,004	**3,994**	3,477
Utilities - fuel	2,091	89	812	-	75	43	70	473	**1,562**	1,328
Landfill closure (recovery)	793	-	-	-	-	-	-	-	**-**	-
Total Expenses	76,003	19,943	17,870	2,775	11,213	14,564	4,866	17,915	**89,146**	83,435
Annual Surplus (deficit) before other items	(174)	29,550	(14,532)	(836)	(5,871)	(14,274)	(358)	(1,060)	**(7,381)**	(6,088)
Government transfers related to capital	33,441	30,521	-	-	-	-	-	-	**30,521**	23,830
Net transfer of administration fees	-	2,292	-	(742)	-	-	(446)	(1,104)	**-**	-
Minor capital expenses	-	(232)	(29)	(351)	(271)	(279)	(157)	(564)	**(1,883)**	(2,030)
Annual Surplus (deficit) after other items	**$ 33,267**	**$ 62,131**	**$ (14,561)**	**$ (1,929)**	**$ (6,142)**	**$ (14,553)**	**$ (961)**	**$ (2,728)**	**$ 21,257**	$ 15,712

SCHEDULE OF REVENUE AND EXPENDITURES
CANADA COMMUNITY BUILDING FUND

For the year ended December 31, 2025 (in thousands of dollars)	2025 Budget and Carryforward (Unaudited)	**2025 Actual**	2024 Actual	2023 Actual	2022 Actual	2021 Actual
Funding						
Opening Balance	$ -	**$ 4,620**	$ 14,402	$ 17,080	$ 15,654	$ 12,665
Gas Tax / Canada Community Building Fund (CCBF)	12,413	**5,926**	-	8,784	5,717	8,370
Interest Earned	-	**141**	721	865	356	82
Total Funding	12,413	**10,687**	15,123	26,729	21,727	21,117
Eligible Expenditures						
Aquatic Centre	-	**-**	10,113	12,075	-	-
Assets Management	-	**-**	-	54	150	70
Backup Power Liftstation Generator Installation	-	**-**	-	-	71	135
Fieldhouse Floor Cover	300	**264**	-	-	-	-
Lagoon Control Structure Replacement	-	**-**	-	4	15	15
Landfill Leachate Retention & Treatment	250	**-**	-	-	-	-
Lift Station #1 Replacement	2,668	**-**	210	-	-	-
New Landfill/Landfill Expansion - Cell Design	1,125	**1,125**	80	21	-	27
Paving Program 2021/2027	-	**-**	-	-	7	16
Pellet Boiler at WTP	-	**-**	-	-	207	-
PH#4 Water Truckfill Safety Project	-	**-**	-	-	100	-
Pumphouse 1 Replacement	-	**-**	-	-	140	-
Roads and Sidewalk Rehabilitation	200	**-**	-	-	-	2,477
Submarine line	420	**-**	-	-	-	-
Water & Sewer Infrastructure Replacement	6,800	**6,654**	100	133	3,842	2,723
Water & Sewer Infrastructure Replacement - Paving	600	**213**	-	-	-	-
Water Treatment Plant Pellet Boiler	-	**-**	-	40	-	-
Wetland Delineation	50	**-**	-	-	115	-
Total Expenditures	12,413	**8,256**	10,503	12,327	4,647	5,463
Closing Balance - to Deferred Revenue	**$ -**	**$ 2,431**	$ 4,620	$ 14,402	$ 17,080	$ 15,654

SCHEDULE OF REVENUE AND EXPENDITURES
COMMUNITY PUBLIC INFRASTRUCTURE

For the year ended December 31, 2025 (in thousands of dollars)	2025 Budget and Carryforward (Unaudited)	**2025 Actual**	2024 Actual	2023 Actual	2022 Actual	2021 Actual
Funding						
Opening balance	$ -	**$ 7,961**	$ 7,485	$ 6,398	$ 126	$ 1,411
Annual CPI	10,851	**5,661**	4,486	3,718	8,191	855
Total Funding	10,851	**13,622**	11,971	10,116	8,317	2,266
Eligible Expenditures						
Accessibility Audit Implementation	-	**-**	-	56	46	786
Aquatic Centre	-	**-**	1,459	-	-	-
Columbarium	-	**-**	-	-	1	17
Cooler Replacement Multiplex	675	**572**	-	-	-	-
Curling Club Upgrades	105	**105**	614	151	-	-
Emergency Radio Infrastructure Renewal	450	**396**	-	-	-	-
Fieldhouse Floor	-	**-**	329	76	-	-
Fire Hall Equipment	128	**124**	7	-	63	-
Fire Hall Renovations / Expansion	2,134	**83**	-	-	-	-
Lagoon Sludge removal	1,299	**-**	-	-	-	-
Lift Station #1 Replacement	631	**-**	104	80	-	-
Multiplex Iceplant Upgrade	-	**-**	-	-	80	-
New Landfill/Landfill Expansion - New Landfill Cell Design	2,120	**2,120**	-	-	-	-
Park Development	267	**70**	-	43	-	-
Park Equipment Replacement	126	**90**	259	182	43	-
Patching Program	110	**110**	381	177	-	-
Paving	66	**66**	-	-	-	-
Road and Sidewalks Rehabilitation	1,913	**1,522**	723	1,556	1,231	-
Submarine Line Replacement	256	**-**	27	191	241	25
Tommy Forrest Ball Park Upgrade	-	**-**	-	-	-	15
Traffic Light Upgrades	112	**37**	59	77	70	48
Water & Sewer Federal Funded - Paving	95	**95**	-	-	-	-
Water & Sewer Infrastructure Replacement	-	**-**	-	42	104	1,249
Weigh Out Station at SWF	364	**266**	48	-	-	-
YKCA Upgrade	-	**-**	-	-	40	-
Total Expenditures	10,851	**5,656**	4,010	2,631	1,919	2,140
Closing Balance - to Deferred Revenue	**$ -**	**$ 7,966**	$ 7,961	$ 7,485	$ 6,398	$ 126

SCHEDULE OF REVENUE AND EXPENDITURES
INVESTING IN CANADA INFRASTRUCTURE PROGRAM

For the year ended December 31, 2025 (in thousands of dollars)	2025 Budget (Unaudited)	**2025 Actual**	2024 Actual	2023 Actual	2022 Actual	2021 Actual
Funding						
ICIP Funding	$ 2,018	**$ 4,430**	$ 597	$ 3,791	$ 2,792	$ 118
CPI Funding	1,580	**3,937**	877	1,185	1,335	-
Formula Funding	-	**2,466**	132	-	68	3
User Fees	-	**8**	18	4	218	19
Gas Tax / Canada Community Building Fund (CCBF)	1,102	**1,125**	290	-	3,849	16
Developer	-	**-**	-	-	147	-
Capital Fund	-	**-**	-	-	363	-
Total Funding	4,700	**11,966**	1,914	4,980	8,772	156
Eligible Expenditures						
Paving (ICIP)	200	**1,639**	1,253	4,412	3,490	63
Increasing Waste Diversion (ICIP)	-	**-**	-	587	112	11
Weight Station	-	**1,034**	194	(39)	39	-
Lift Station #1	-	**-**	314	-	-	-
Lagoon Expansion (Lagoon Sludge Removal) (ICIP)	-	**34**	73	20	871	76
New Landfill/Landfill expansion - New Landfill Cell design	4,500	**9,259**	80	-	-	-
McMeekan Causeway Stabilization (ICIP)	-	**-**	-	-	4,260	6
Total Expenditures	4,700	**11,966**	1,914	4,980	8,772	156
Funding Surplus (Deficit)	$ -	$ -	$ -	$ -	$ -	$ -

The sources of funds supporting the above-noted projects (2025 only) are summarized as follows:
(a)Paving (ICIP) - ICIP Funding, CPI Funding
(b)Weight Station - ICIP Funding, CPI Funding
(c)Lagoon Expansion (Lagoon Sludge Removal) (ICIP) - ICIP Funding, User Fees
(d)New Landfill/Landfill expansion - New Landfill Cell design - ICIP Funding, CPI Funding, Formula Funding, Gas Tax/Canada Community Building Fund (CCBF)

SCHEDULE OF REVENUE AND EXPENDITURES
DISASTER MITIGATION AND ADAPTATION FUND

For the year ended December 31, 2025 (in thousands of dollars)	2025 Budget and Carryforward (Unaudited)	**2025 Actual**	2024 Actual	2023 Actual	2022 Actual	2021 Actual
Funding						
Disaster Mitigation and Adaptation Fund (DMAF)	$ -	**$ 29**	$ 80	$ 938	$ 724	$ 73
Community Public Infrastructure (CPI)	-	**-**	27	191	242	25
Formula Funding	-	**-**	-	121	-	-
User Fees	-	**10**	-	-	-	-
Total Funding	-	**39**	107	1,250	966	98
Eligible Expenditures						
Submarine Line	-	**39**	107	1,250	966	98
Total Expenditures	-	**39**	107	1,250	966	98
Funding Surplus (Deficit)	$ -	**$ -**	$ -	$ -	$ -	$ -

SCHEDULE OF SALARIES, HONORARIA AND TRAVEL

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

Name	Salary	Honoraria	Travel	Total
Mayor				
Ben Hendriksen (from May)	$ 125	$ -	$ 4	$ 129
Rebecca Alty (until April)	35	-	1	36
Councillor/Mayor				
Stacie Arden-Smith	42	-	1	43
Councillor				
Steve Payne	42	-	-	42
Garett Cochrane	43	-	5	48
Ryan Fequet	39	-	-	39
Cat McGurk	39	-	-	39
Tom McLennan	42	-	-	42
Rob Warburton	44	-	-	44
Rob Foote	24	-	-	24
	$ 475	$ -	$ 11	**$ 486**