

THE CITY OF FLIN FLON
INDEPENDENT AUDITOR'S REPORT
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

THE CITY OF FLIN FLON
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025
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STATEMENT OF MANAGEMENT RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of The City of Flin Flon and have been prepared in compliance with legislation and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Council of The City of Flin Flon met with management and the external auditors to review the Consolidated Financial Statements and discuss any significant financial reporting or internal control matters prior to their approval of the Consolidated Financial Statements.

Fort Group Chartered Professional Accountants Inc., as The City of Flin Flon's appointed external auditors, have audited the Consolidated Financial Statements. The Auditor's Report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly, the financial position and results of The City of Flin Flon in accordance with Canadian public sector accounting standards.


Joy Capiyk, Chief Administrative Officer

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of Council of the City of Flin Flon:

Opinion

We have audited the accompanying consolidated financial statements of The City of Flin Flon (the "City"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, consolidated changes in net debt, consolidated cash flows, and schedules for the year then ended, and the notes to consolidated 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 the results of its operations 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the organization to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Winnipeg, Manitoba
April 21, 2026

Fort Group
**CHARTERED PROFESSIONAL
ACCOUNTANTS INC.**



**THE CITY OF FLIN FLON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
FINANCIAL ASSETS		
Cash	\$ 2,152,601	1,918,626
Amounts receivable (Note 3)	8,547,645	6,126,749
Portfolio investments (Note 4)	<u>657,719</u>	<u>1,213,343</u>
	<u>11,357,965</u>	<u>9,258,718</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	7,290,182	5,780,737
Deferred revenue (Note 7)	355,497	351,551
Asset retirement obligation (Note 8)	4,841,403	4,783,220
Debt (Note 9)	1,106,473	1,680,467
Lines of credit (Note 10)	<u>8,531,328</u>	<u>2,386,676</u>
	<u>22,124,883</u>	<u>14,982,651</u>
NET DEBT	<u>(10,766,918)</u>	<u>(5,723,933)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	77,003,761	68,936,604
Inventories (Note 5)	1,204,907	1,189,743
Prepaid expenses	<u>191,904</u>	<u>166,905</u>
	<u>78,400,572</u>	<u>70,293,252</u>
ACCUMULATED SURPLUS (Note 13)	<u>\$ 67,633,654</u>	<u>64,569,319</u>

APPROVED ON BEHALF OF COUNCIL:



George Fontaine - Mayor



Alison Dallas-Funk - Finance Committee Chair

The accompanying notes are an integral part of this financial statement.

**THE CITY OF FLIN FLON
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2025**

	2025		
	<u>Budget</u>	<u>Actual</u>	<u>2024</u>
	(Note 12)		<u>Actual</u>
REVENUE			
Property taxes	\$ 5,983,146	5,983,929	5,554,088
Grants in lieu of taxation	3,090,163	3,036,116	3,424,687
User fees	1,449,000	2,376,479	994,739
Permits, licenses, and fines	1,257,690	1,772,705	1,650,311
Investment income	60,000	34,045	55,776
Other revenue	895,000	888,633	858,648
Water and sewer	4,878,914	3,447,595	3,359,734
Grants - Province of Manitoba	1,040,000	3,445,360	3,733,703
Grants - Other	<u>657,000</u>	<u>1,479,970</u>	<u>4,197,883</u>
Total revenue (Schedule 2, 4 and 5)	<u>19,310,913</u>	<u>22,464,832</u>	<u>23,829,569</u>
EXPENSES			
General government services	3,191,438	4,120,348	3,494,117
Protective services	743,800	1,955,852	872,569
Transportation services	5,065,626	5,048,717	4,015,953
Environmental health services	745,250	641,150	826,162
Public health welfare services	60,284	60,284	60,284
Regional planning and development	805,500	180,084	298,927
Resource conservation and industrial development	337,000	598,003	327,787
Recreation and cultural services	2,587,608	2,579,719	2,722,926
Water and sewer services	<u>5,593,301</u>	<u>4,216,340</u>	<u>3,877,851</u>
Total expenses (Schedule 3, 4 and 5)	<u>19,129,807</u>	<u>19,400,497</u>	<u>16,496,576</u>
ANNUAL SURPLUS	<u>\$ 181,106</u>	<u>3,064,335</u>	<u>7,332,993</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>64,569,319</u>	<u>57,236,326</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 67,633,654</u>	<u>64,569,319</u>

The accompanying notes are an integral part of this financial statement.

THE CITY OF FLIN FLON
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED DECEMBER 31, 2025

	2025	2024
	<u>Budget</u> (Note 12)	<u>Actual</u>
ANNUAL SURPLUS	\$ <u>181,106</u>	<u>3,064,335</u>
Acquisition of tangible capital assets	(9,700,000)	(12,677,491)
Amortization of tangible capital assets	1,700,000	1,630,532
Loss on disposal of tangible capital assets	-	-
Decrease (increase) in inventories	-	16,598
Increase in prepaid expense	<u>-</u>	<u>(15,606)</u>
	<u>(8,000,000)</u>	<u>(11,045,967)</u>
CHANGE IN NET DEBT	\$ <u><u>(7,818,894)</u></u>	<u>(3,712,974)</u>
NET DEBT, BEGINNING OF YEAR		<u>(2,010,959)</u>
NET DEBT, END OF YEAR		\$ <u><u>(10,766,918)</u></u>

The accompanying notes are an integral part of this financial statement.

**THE CITY OF FLIN FLON
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
CASH PROVIDED BY (USED IN):		
OPERATING TRANSACTIONS		
Annual surplus	\$ 3,064,335	7,332,993
Change in non-cash items:		
Amounts receivable	(2,420,896)	(501,289)
Inventories	(15,164)	16,598
Prepaid expenses	(24,999)	(15,606)
Accounts payable and accrued liabilities	1,509,445	(1,129,822)
Deferred revenue	3,946	(2,596,182)
Asset retirement obligation	58,183	4,654,623
Amortization of tangible capital assets	<u>1,709,941</u>	<u>1,630,532</u>
	<u>3,884,791</u>	<u>9,391,847</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	<u>(9,777,098)</u>	<u>(12,677,491)</u>
INVESTING TRANSACTIONS		
Proceeds from portfolio investments	<u>555,624</u>	<u>1,204,646</u>
FINANCING TRANSACTIONS		
Line of credit advance	6,144,652	2,386,676
Debt repayment	<u>(573,994)</u>	<u>(896,724)</u>
	<u>5,570,658</u>	<u>1,489,952</u>
CHANGE IN CASH	233,975	(591,046)
CASH, BEGINNING OF YEAR	<u>1,918,626</u>	<u>2,509,672</u>
CASH, END OF YEAR	<u><u>\$ 2,152,601</u></u>	<u><u>1,918,626</u></u>

The accompanying notes are an integral part of this financial statement.

THE CITY OF FLIN FLON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

1. STATUS OF THE CITY OF FLIN FLON

The incorporated City of Flin Flon (the "City") is a municipal government that was created on August 15, 1933, pursuant to the Manitoba Municipal Act. The City provides or funds municipal services such as fire, public works, urban planning, airport, parks and recreation, library and other general government operations. The City owns one utility, has several designated special purpose reserves and provides funding support for other financial entities involved in economic development, recreation and tourism.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

(a) Reporting Entity

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all the funds, agencies, local boards, and committees of the council, which are controlled by the City. Control is defined as the power to govern the financial and reporting policies of another organization with the expected benefits or risk of loss to the City. The controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the City. Inter-fund and inter-company balances and transactions have been eliminated. The controlled organizations include:

City of Flin Flon Community Development Corporation
Flin Flon Station Museum

(b) Basis of Accounting

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

(c) Financial Instruments

The City, as part of its operations, carries a number of financial instruments. It is management's opinion that the City is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

The City classifies its financial instruments as either fair value, cost or amortized cost. The City's accounting policy for each category is as follows:

Fair value

This category includes derivatives and equity instruments quoted in an active market. The City has not designated any of its portfolio investments or borrowings at fair value that would otherwise be classified in the amortized cost category.

Cost or amortized cost

This category includes cash, amounts receivable, portfolio investments, accounts payable and accrued liabilities, asset retirement obligation, debt and lines of credit. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets, except for donated financial assets, which are initially recognized at fair value.

THE CITY OF FLIN FLON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Portfolio Investments

Portfolio investments are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method.

(e) 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 (debt) for the year.

(f) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was unavailable. The City does not capitalize internal finance charges as part of the cost of its tangible capital assets.

General Tangible Capital Assets

Land	Indefinite
Land improvements	50 years
Landfill	35 years
Buildings and leasehold improvements	
Buildings	75 years
Leasehold improvements	Life of lease
Vehicles and equipment	
Vehicles	10 years
Machinery, equipment and furniture	5 years
Maintenance and road construction equipment	10 years
Computer hardware and software	5 years

Infrastructure Assets

Transportation	
Land	Indefinite
Road surface	50 years
Road grade	50 years
Bridges	50 years
Traffic lights and equipment	10 years
Water and sewer	
Land	Indefinite
Land improvements	50 years
Buildings	75 years
Underground networks	50 years
Machinery and equipment	10 years
Dams and other surface water structures	50 years

THE CITY OF FLIN FLON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Tangible Capital Assets (Continued)

Certain assets, which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Crown lands that have not been purchased by the City, forests, water, and other natural resources are not recognized as tangible capital assets.

(g) Leases

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

(h) Revenue Recognition

Fees and other revenues

Exchange transactions are transactions with performance obligations. A performance obligation is a promise to provide a distinct good or service or series of distinct goods or services to a payor for consideration. The City recognizes revenue when the performance obligations are satisfied, and the payor obtains control of the asset or benefits from the service provided.

Non-exchange transactions are transactions or events where there is no direct transfer of goods or services to a payor. The City receives an increase in economic resources for which the payor does not receive any direct goods or services in return. Revenue from non-exchange transactions is recognized when the City has the authority and identifies a past transaction or event that gives rise to an asset.

Revenue from product sales is recognized when the significant rewards of ownership of the products have passed to the buyer, usually on the delivery of products.

Revenue from contracts with customers is recognized at an amount equal to the transaction price allocated to the specific distinct performance obligation when the performance obligation is satisfied. Revenue from contracts with customers is evaluated and separated into distinct performance obligations when there is a distinct good or service to be transferred in the future.

Government transfers

Transfer payments from other governments include all accruals determined for current year entitlements that have been authorized by December 31, for which any eligibility criteria have been met and that can be reasonably estimated. A liability is recorded to the extent that a transfer gives rise to an obligation that meets the definition of a liability in accordance with the criteria in PS 3200 Liabilities.

Property taxes

Revenues from property taxes are accrued in the year they are authorized by Council. Property taxes are recorded net of tax concessions and other adjustments. Transfers made through the tax system are recognized as an expense.

Externally restricted inflows

Externally restricted inflows are recognized as revenue in the period in which expenses are incurred for the purposes specified. Externally restricted inflows received before the expenses are incurred are reported as a liability.

THE CITY OF FLIN FLON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Asset Retirement Obligations

Asset retirement obligations reflect the legal obligations arising from the retirement of the City's tangible capital assets, and are recognized when a) there is a legal obligation for the City to incur costs in relation to a specific tangible capital asset; b) there is a past transaction or event causing the liability that has occurred; c) when economic benefits will need to be given up to remediate the liability; and d) when a reasonable estimate of the liability can be made.

Tangible capital assets that are in use, no longer in use, or that are leased may all give rise to asset retirement obligations.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates.

At remediation, the City derecognizes the previously established liability. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the statement of operations.

(j) Inventories

Inventories held for sale are recorded at the lower of cost and net realizable value.

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

(k) Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the financial statements are prepared. Uncertainty in determining the amount at which an item is recognized in the consolidated financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as when estimates are used.

Measurement uncertainty in these consolidated financial statements exists in the estimate of asset retirement obligations. The liability associated with the asset retirement obligations reflects the best estimates by management of the amount required to remediate such liabilities, the timing when such remediation will occur, and the estimated future cash flows associated with asset retirement discounted to the financial statement date. The actual future cash flows and timing of obligations arising from asset retirement may differ significantly from these estimates.

(l) Future Changes in Accounting Standards

A number of new and amended Canadian public sector accounting standards have been issued and not applied in preparing these financial statements. These standards will come into effect as follows:

- The Conceptual Framework for Financial Reporting in the Public Sector replaces the conceptual aspects of PSAS 1000 (Financial Statements Concepts) and PSAS 1100 (Financial Statement Objectives) for fiscal years beginning on or after January 1, 2027. The Conceptual Framework is applied prospectively.

THE CITY OF FLIN FLON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Future Changes in Accounting Standards (Continued)

- PSAS 1202, Financial Statement Presentation, replaces PSAS 1201 for fiscal years beginning January 1, 2027.
- PSAS 3150, Tangible Capital Assets, has been amended for municipal fiscal years beginning January 1, 2031. Early adoption is permitted.

These new accounting standards have not been applied in preparing these consolidated financial statements.

The City is currently assessing the impact of the new standards, and the extent of the impact of their adoption on the consolidated financial statements has not yet been determined.

3. AMOUNTS RECEIVABLE

Amounts receivable are valued at their net realizable value.

	<u>2025</u>	<u>2024</u>
Taxes on roll (Schedule 11)	\$ 3,437,647	3,165,596
Utility customers	442,990	542,243
Organizations and individuals	1,544,307	2,179,441
Other governments		
Province of Manitoba	<u>3,168,978</u>	<u>240,469</u>
	8,593,922	6,127,749
Less allowances for doubtful amounts		
Utility	(1,000)	(1,000)
General	<u>(45,277)</u>	<u>-</u>
	<u>(46,277)</u>	<u>(1,000)</u>
	<u><u>\$ 8,547,645</u></u>	<u><u>6,126,749</u></u>

4. PORTFOLIO INVESTMENTS

	<u>2025</u>	<u>2024</u>
Fixed income investments	\$ <u>657,719</u>	<u>1,213,343</u>

The aggregate market value of the GICs at December 31, 2025, is \$657,719 (2024 - \$1,213,343). Portfolio investments earned investment income during the year of \$34,045 (2024 - \$57,472).

5. INVENTORIES

	<u>2025</u>	<u>2024</u>
Inventories for use:		
Fuel	\$ 84,729	136,265
Culverts	50,890	53,068
Aggregate	144,052	196,234
Water, sanitary sewer and utility pipes	534,993	581,260
Other supplies	352,318	184,991
Other	<u>37,925</u>	<u>37,925</u>
	<u><u>\$ 1,204,907</u></u>	<u><u>1,189,743</u></u>

THE CITY OF FLIN FLON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2025</u>	<u>2024</u>
Accounts payable	\$ 2,122,801	1,023,198
Payroll vacation liability	398,424	378,335
Payroll banked overtime payable	3,469	11,247
Cemetery perpetual care	521,347	487,202
Other liabilities and holdbacks	846,988	750,937
School levies	<u>3,397,153</u>	<u>3,129,818</u>
	<u><u>\$ 7,290,182</u></u>	<u><u>5,780,737</u></u>

7. DEFERRED REVENUE

During the 2021 fiscal year, funding was provided by the Manitoba Housing and Renewal Corporation ("MHRC") to help develop or redevelop affordable housing for vulnerable Manitobans within the City. MHRC funding is being administered by the City of Flin Flon Community Development Corporation ("Flin Flon CDC") and has been accounted for in the City's financial statements (see note 2(a)). Amounts disclosed as deferred revenue represent amounts available under this agreement.

During the 2025 fiscal year, the City ran a Christmas gift promotion to sell passes for use at the new aqua centre. The amount being disclosed as deferred revenue represents funds collected during the promotion. Funds will be recognized as revenue in the 2026 fiscal year to align with the opening of the new facility.

	<u>2025</u>	<u>2024</u>
Affordable housing project	\$ 351,551	351,551
Community aqua centre facility passes	<u>3,946</u>	<u>-</u>
	<u><u>\$ 355,497</u></u>	<u><u>351,551</u></u>

8. ASSET RETIREMENT OBLIGATION

Legislation requires the City to conduct closure and post-closure care of solid waste landfill sites. Closure costs include final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post-closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

The City operates a Class 1 landfill, with an estimated remaining capacity of 184,551 cubic metres of the landfill's total estimated capacity. The estimated remaining life of the landfill is 34 years. The period for post-closure care is estimated to be 25 years.

The estimated total liability of \$4,841,403 (2024 - \$4,783,220) is based on the sum of discounted future cash flows using a discount rate of 2.5%.

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 4,783,220	128,597
Liabilities settled during the year	-	4,597,159
Accretion expense	<u>58,183</u>	<u>57,464</u>
Estimated total liability	<u><u>\$ 4,841,403</u></u>	<u><u>4,783,220</u></u>

THE CITY OF FLIN FLON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

9. DEBT

	<u>2025</u>	<u>2024</u>
General Authority		
Debenture for The City of Flin Flon, interest at 5.52%, payable at \$117,346 annually including interest, maturing November 30, 2027	\$ 216,596	316,473
Utility Funds		
Debenture for The City of Flin Flon Water & Sewer, interest at 5.50%, payable at \$11,532 annually including interest, maturing December 31, 2026	10,931	21,292
Debenture for The City of Flin Flon Water & Sewer, interest at 5.90%, payable at \$103,774 annually including interest, maturing March 31, 2029	360,412	438,325
Debenture for The City of Flin Flon Water & Sewer, interest at 5.58%, payable at \$33,694 annually including interest, maturing March 31, 2030	143,569	167,895
Debenture for The City of Flin Flon Water & Sewer, interest at 3.72%, payable at \$388,914 annually including interest, maturing February 1, 2026	<u>374,965</u>	<u>736,482</u>
	<u><u>\$ 1,106,473</u></u>	<u><u>1,680,467</u></u>

Principal payments required in each of the next five years are as follows:

2026	\$ 599,478
2027	225,701
2028	121,162
2029	128,219
2030	<u>31,913</u>
	<u><u>\$ 1,106,473</u></u>

10. LINES OF CREDIT

The City holds three lines of credit through the Royal Bank of Canada:

1. The City holds overdraft protection with a maximum limit of \$1,000,000. At December 31, 2025, the City had a balance of \$nil (2024 - \$nil). Any amount outstanding during the year is charged interest at the prime rate and is due on demand.
2. The City holds a second overdraft protection agreement with a maximum limit of \$1,600,000. At December 31, 2025, the City had a balance of \$1,570,000 (2024 - \$980,000). Any amount outstanding during the year is charged interest at the prime rate. Interest is payable monthly.
3. At December 31, 2025, the City holds a term loan with a current balance of \$6,961,328 (2024 - \$1,406,676), with a maximum limit of \$7,450,000 and a maturity date of May 15, 2026. Any amount outstanding during the year is charged interest at the prime rate. Interest is payable monthly. The City is currently awaiting municipal approval to convert this term loan into a debenture, as noted below. The debenture will have an interest rate of 5.45%, payable at \$620,827 annually including interest, maturing March 31, 2046.

Schedule of Debenture Pending

<u>Authority</u>	<u>Purpose</u>	<u>Amount Authorized</u>
BL 2026-04	New aqua centre facility	\$ 7,450,000

THE CITY OF FLIN FLON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

11. RETIREMENT BENEFITS

The majority of the employees of the City are members of the Municipal Employees' Pension Plan (MEPP), a multi-employer defined benefit pension plan. MEPP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) earnings times years of service plus 2% of their final average yearly non-CPP earnings times years of service. The costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Canadian public sector accounting standard PS 3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP required that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by municipalities on behalf of their employees are expected to be \$38.8 million (2024 - \$41.1 million) and are included in each municipality's statement of operations.

Subject to the following paragraph, any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2024, indicated the plan was 109.97% funded on a going concern basis and had an unfunded solvency liability of \$16.3 million. The solvency position of the plan is determined by comparing the plan assets to the actuarial present value of the benefits accrued in respect of credited service up to the valuation date, calculated as if the plan were wound up on December 31, 2024.

In 2010, the Government of Manitoba enacted a regulation which permits sponsors of public sector pension plans, including MEPP, to elect permanent exemption from solvency funding requirements subject to certain conditions stated in the regulation. MEPP has elected permanent exemption from solvency funding requirements. As a result, solvency funding is no longer required by MEPP.

12. BUDGET

The financial plan is prepared on a revenue and expenditure basis. For comparative purposes, the City has modified its financial plan to prepare a budget that is consistent with the scope and accounting principles used to report the actual results. The budget figures used in these consolidated financial statements have been approved by Council.

The reconciliation between the financial plan and the budget figures used in these consolidated statements is disclosed in Schedule 10 - Reconciliation of the Financial Plan to the Budget.

13. ACCUMULATED SURPLUS

	<u>2025</u>	<u>2024</u>
Accumulated surplus consists of the following:		
General operating fund - Nominal Surplus	\$ 3,652,904	2,928,462
Utility operating fund(s) - Nominal Deficit	(8,855,475)	(9,051,116)
Tangible capital assets net of related borrowings	67,365,960	64,869,461
Reserve funds	<u>5,470,265</u>	<u>5,822,512</u>
Accumulated surplus of the City	<u><u>\$ 67,633,654</u></u>	<u><u>64,569,319</u></u>

THE CITY OF FLIN FLON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

14. PUBLIC SECTOR COMPENSATION DISCLOSURE

It is a requirement of the Public Sector Compensation Disclosure Act that annual public disclosure be made of aggregate compensation paid to members of Council, and of individual compensation in an amount exceeding \$85,000 annually to any member of Council, officer or employee of the City. For the year ended December 31, 2025:

- a) Compensation paid to members of Council amounted to \$112,896 in aggregate.
- b) There were no members of Council receiving compensation in excess of \$85,000 individually.
- c) Certain compensation amounts disclosed for the year are higher than typical due to extraordinary overtime incurred during wildfire emergency response activities. These amounts are non-recurring in nature and do not reflect regular or ongoing salary levels. A substantial portion of these costs was eligible for reimbursement under the Province of Manitoba's Disaster Financial Assistance Program.

<u>Council Member</u>	<u>Compensation</u>	<u>Expenses</u>	<u>Total</u>
Mayor - George Fontaine	\$ 23,460	720	24,180
Councillor - Alison Dallas-Funk	15,190	-	15,190
Councillor - Judith Eagle	12,840	-	12,840
Councillor - William Hanson	12,840	-	12,840
Councillor - Steve Lytwyn	13,310	-	13,310
Councillor - Heather Richardson	12,840	5,611	18,451
Councillor - Michael Slipp	12,840	3,245	16,085
	<u>\$ 103,320</u>	<u>9,576</u>	<u>112,896</u>

- d) The following officers received compensation in excess of \$85,000:

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Michael Funk	Director of Works and Operations and Emergency Measures	\$ 125,512
Lyn Brown	Treasurer	123,075
James Reitlo	Assistant Director Works and Operations	119,171
Joy Capyk	Chief Administrative Officer	109,126
Jason Kuras	Fire Chief	107,849
Matthew Neubuhr	Garage Mechanic	100,095
Jeni East	Airport Manager	96,724
Scott Rodabaugh	Airport Operator	93,102
Caitlin Bailey	Director of Parks and Recreation	92,169
Matthew Lies	Airport Operator	91,289
Stephen O'Connor	Airport Operator	89,916
Anthony Batteson	Equipment Operator	88,834
Brent Campbell	Equipment Operator	86,015
Dean Rambo	Equipment Operator	85,977
Jesse Harmon	Airport Operator	85,943

THE CITY OF FLIN FLON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

15. SEGMENTED INFORMATION

The City provides a wide range of services to its residents.

Segment information has been provided in Schedule 4 for the following services:

- General Government
- Protective Services
- Transportation Services
- Environmental Health
- Public Health and Welfare Services
- Regional Planning and Development
- Resources Conservation and Industrial Development
- Recreation and Cultural Services
- Water and Sewer Services

Revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies of the segments are consistent with those followed in preparing the consolidated financial statements as described in the summary of significant accounting policies.

16. PUBLIC UTILITIES BOARD

The Public Utilities Board (PUB) regulates the rates charged by all water and sewer utilities, except the City of Winnipeg utility and those utilities operated by the Manitoba Water Services Board. PUB has the authority to order any owner of a utility to adopt uniform and prescribed accounting policies. PUB's prescribed accounting policies on tangible capital assets and government transfers do not meet the recommendations of Public Sector Accounting Board.

For information purposes, the City has deferred the capital grants it has received in the past for its utilities and amortized them over the useful life of the related tangible capital asset.

No capital grants have been deferred and amortized in these consolidated financial statements.

Water services:

Description of Utility	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Balance Ending
City of Flin Flon Water System	\$ <u>11,835,493</u>	<u>-</u>	<u>288,524</u>	<u>11,546,969</u>

Sewer services:

Description of Utility	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Balance Ending
City of Flin Flon Sanitary Sewer System	\$ <u>7,073,702</u>	<u>-</u>	<u>125,094</u>	<u>6,948,608</u>

17. COMPARATIVE FIGURES

Certain of the comparative figures have been restated to better conform with current year presentation.

THE CITY OF FLIN FLON
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2025

	<u>General Capital Assets</u>					<u>Infrastructure</u>			<u>Totals</u>	
	<u>Land and Land Improvements</u>	<u>Buildings and Leasehold Improvements</u>	<u>Vehicles and Equipment</u>	<u>Equipment</u>	<u>General Asset Under Construction</u>	<u>Roads, Streets, and Bridges</u>	<u>Water and Sewer</u>	<u>Assets Under Construction</u>	<u>2025</u>	<u>2024</u>
Cost										
Opening costs	\$ 8,706,713	9,302,968	7,539,017	4,431,846	9,814,437	11,999,996	53,521,308	1,223,643	106,539,928	94,146,264
Additions during the year	8,586	88,112	380,240	462,757	7,884,689	952,714	-	-	9,777,098	12,693,885
Disposals, write downs, transfers	-	-	-	-	-	-	-	-	-	(300,221)
Closing costs	<u>8,715,299</u>	<u>9,391,080</u>	<u>7,919,257</u>	<u>4,894,603</u>	<u>17,699,126</u>	<u>12,952,710</u>	<u>53,521,308</u>	<u>1,223,643</u>	<u>116,317,026</u>	<u>106,539,928</u>
Accumulated amortization										
Opening accumulated amortization	131,347	3,670,379	5,879,293	3,971,086	-	5,655,375	18,295,844	-	37,603,324	36,256,619
Amortization	131,347	125,445	356,661	253,352	-	192,547	650,589	-	1,709,941	1,630,532
Disposals, write downs, transfers	-	-	-	-	-	-	-	-	-	(283,827)
Closing accumulated amortization	<u>262,694</u>	<u>3,795,824</u>	<u>6,235,954</u>	<u>4,224,438</u>	<u>-</u>	<u>5,847,922</u>	<u>18,946,433</u>	<u>-</u>	<u>39,313,265</u>	<u>37,603,324</u>
NET BOOK VALUE	<u>\$ 8,452,605</u>	<u>5,595,256</u>	<u>1,683,303</u>	<u>670,165</u>	<u>17,699,126</u>	<u>7,104,788</u>	<u>34,574,875</u>	<u>1,223,643</u>	<u>77,003,761</u>	<u>68,936,604</u>

SCHEDULE 2

**THE CITY OF FLIN FLON
CONSOLIDATED SCHEDULE OF REVENUES
YEAR ENDED DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
Property taxes:		
Municipal taxes levied (Schedule 12)	\$ 5,983,147	5,515,779
Taxes added	<u>782</u>	<u>38,309</u>
	<u>5,983,929</u>	<u>5,554,088</u>
Grants in lieu of taxation:		
Provincial government	49,886	29,575
Non-government organizations	<u>2,986,230</u>	<u>3,395,112</u>
	<u>3,036,116</u>	<u>3,424,687</u>
User fees:		
Sales of service	402,519	409,900
Rentals	1,762,491	300,594
Facility use fees	<u>211,469</u>	<u>284,245</u>
	<u>2,376,479</u>	<u>994,739</u>
Permits, licenses and fines:		
Permits	14,563	6,524
Licenses	21,222	16,432
Fees	1,706,025	1,571,692
Fines	<u>30,895</u>	<u>55,662</u>
	<u>1,772,705</u>	<u>1,650,310</u>
Investment income:		
Portfolio investments	<u>34,045</u>	<u>55,776</u>
Other revenue:		
Penalties and interest	195,274	263,313
Gain on sale of tangible capital assets	-	105,173
Miscellaneous	<u>693,359</u>	<u>490,162</u>
	<u>888,633</u>	<u>858,648</u>
Water and sewer:		
Municipal utilities	<u>3,447,595</u>	<u>3,359,734</u>
Grants - Province of Manitoba:		
Municipal operating grants	851,394	836,714
Other conditional grants	<u>2,593,966</u>	<u>2,896,990</u>
	<u>3,445,360</u>	<u>3,733,704</u>
Grants - other:		
Other conditional grants	1,107,439	3,817,280
Federal government - Canada Community-Building Fund	342,661	330,810
MHRC - affordable housing	-	16,000
Other local governments	<u>29,870</u>	<u>33,793</u>
	<u>1,479,970</u>	<u>4,197,883</u>
TOTAL REVENUE	<u>\$ 22,464,832</u>	<u>23,829,569</u>

SCHEDULE 3

**THE CITY OF FLIN FLON
CONSOLIDATED SCHEDULE OF EXPENSES
YEAR ENDED DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
General government services:		
Legislative	\$ 232,228	212,675
General administrative	2,477,663	1,908,340
Other	<u>1,410,457</u>	<u>1,373,102</u>
	<u>4,120,348</u>	<u>3,494,117</u>
Protective services:		
Police	59,652	79,081
Fire	579,919	591,796
Other	<u>1,316,281</u>	<u>201,692</u>
	<u>1,955,852</u>	<u>872,569</u>
Transportation services:		
Road transport		
Administration and engineering	1,599,339	1,384,142
Road and street maintenance	1,715,592	1,147,799
Bridge maintenance	22,842	40,217
Sidewalk and boulevard maintenance	118,453	50,617
Street lighting	109,015	107,894
Other	45,003	46,638
Air transport	1,153,862	1,000,645
Public transit	<u>284,611</u>	<u>238,001</u>
	<u>5,048,717</u>	<u>4,015,953</u>
Environmental health services:		
Waste collection and disposal	564,733	762,198
Recycling	<u>76,417</u>	<u>63,964</u>
	<u>641,150</u>	<u>826,162</u>
Public health and welfare services:		
Social assistance	<u>60,284</u>	<u>60,284</u>
Regional planning and development:		
Other	<u>180,084</u>	<u>298,927</u>
Resource conservation and industrial development:		
Regional development	<u>598,003</u>	<u>327,787</u>
SUB-TOTAL	<u>\$ 12,604,438</u>	<u>9,895,799</u>

SCHEDULE 3

**THE CITY OF FLIN FLON
CONSOLIDATED SCHEDULE OF EXPENSES
YEAR ENDED DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
SUB-TOTALS FORWARD	\$ <u>12,604,438</u>	\$ <u>9,895,799</u>
Recreation and cultural services:		
Administration	176,973	151,377
Community centres and halls	377,681	380,736
Swimming pools and beaches	2,287	-
Cemeteries	79,760	83,123
Skating and curling rinks	993,203	1,079,404
Parks and playgrounds	434,417	619,661
Other recreational facilities	195,288	256,335
Museums	6,545	6,213
Libraries	<u>313,565</u>	<u>146,077</u>
	<u>2,579,719</u>	<u>2,722,926</u>
Water and sewer services:		
General services	<u>4,216,340</u>	<u>3,877,851</u>
TOTAL EXPENSES	\$ <u><u>19,400,497</u></u>	\$ <u><u>16,496,576</u></u>

THE CITY OF FLIN FLON
CONSOLIDATED STATEMENTS OF OPERATIONS BY PROGRAM
YEAR ENDED DECEMBER 31, 2025

	<u>General Government</u>		<u>Protective Services</u>		<u>Transportation Services</u>		<u>Environmental Health Services</u>		<u>Public Health and Welfare Services</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
REVENUE										
Property taxes	\$ 5,196,015	4,646,523	-	-	-	-	-	-	-	-
Grants in lieu of taxation	3,036,116	3,424,687	-	-	-	-	-	-	-	-
User fees	-	-	1,528,457	224,372	28,752	34,095	332,023	298,861	-	-
Permits, licences and fines	19,257	15,892	39,486	52,733	1,713,422	1,581,146	-	-	-	-
Investment income	34,045	55,776	-	-	-	-	-	-	-	-
Other revenue	601,066	653,074	-	-	139,681	118,364	26,671	29,164	-	-
Water and sewer	-	-	-	-	-	-	-	-	-	-
Province of Manitoba - Conditional grants	851,394	836,713	-	-	-	-	-	-	-	-
Grants - other	1,146,588	364,603	-	-	-	-	-	-	-	-
	<u>10,884,481</u>	<u>9,997,268</u>	<u>1,567,943</u>	<u>277,105</u>	<u>1,881,855</u>	<u>1,733,605</u>	<u>358,694</u>	<u>328,025</u>	<u>-</u>	<u>-</u>
EXPENSES										
Personnel services	920,240	821,935	1,166,965	364,707	2,092,031	1,967,567	282,251	270,659	-	-
Contract services	556,439	606,064	136,266	129,724	462,743	400,331	111,051	181,752	-	-
Utilities	81,168	59,444	148,218	149,445	390,343	295,140	6,356	5,037	-	-
Maintenance, materials and supplies	140,041	123,588	407,980	175,048	547,244	691,993	17,113	74,300	-	-
City owned and hired equipment	11,312	8,157	96,423	53,645	1,556,356	660,922	147,962	230,450	-	-
Grants and contributions	11,692	5,100	-	-	-	-	76,417	63,964	60,284	60,284
Amortization	1,059,352	979,945	-	-	-	-	-	-	-	-
Interest on long term debt	17,469	22,694	-	-	-	-	-	-	-	-
Other	1,322,635	867,190	-	-	-	-	-	-	-	-
	<u>4,120,348</u>	<u>3,494,117</u>	<u>1,955,852</u>	<u>872,569</u>	<u>5,048,717</u>	<u>4,015,953</u>	<u>641,150</u>	<u>826,162</u>	<u>60,284</u>	<u>60,284</u>
SURPLUS	<u>\$ 6,764,133</u>	<u>6,503,151</u>	<u>(387,909)</u>	<u>(595,464)</u>	<u>(3,166,862)</u>	<u>(2,282,348)</u>	<u>(282,456)</u>	<u>(498,137)</u>	<u>(60,284)</u>	<u>(60,284)</u>

THE CITY OF FLIN FLON
CONSOLIDATED STATEMENTS OF OPERATIONS BY PROGRAM
YEAR ENDED DECEMBER 31, 2025

	<u>Regional Planning and Development</u>		<u>Resource Conservation and Industrial Development</u>		<u>Recreation and Cultural Services</u>		<u>Water and Sewer Services</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
REVENUE										
Property taxes	\$ -	-	-	-	-	-	787,914	907,565	5,983,929	5,554,088
Grants in lieu of taxation	-	-	-	-	-	-	-	-	3,036,116	3,424,687
User fees	235,414	101,964	-	-	251,833	335,447	-	-	2,376,479	994,739
Permits, licences and fines	540	540	-	-	-	-	-	-	1,772,705	1,650,311
Investment income	-	-	-	-	-	-	-	-	34,045	55,776
Other revenue	12,850	10,255	97,500	24,640	10,865	23,151	-	-	888,633	858,648
Water and sewer	-	-	-	-	-	-	3,447,595	3,359,734	3,447,595	3,359,734
Province of Manitoba - Conditional grants	-	-	-	-	2,593,966	2,896,990	-	-	3,445,360	3,733,703
Grants - other	-	16,000	-	-	333,382	3,817,280	-	-	1,479,970	4,197,883
	<u>248,804</u>	<u>128,759</u>	<u>97,500</u>	<u>24,640</u>	<u>3,190,046</u>	<u>7,072,868</u>	<u>4,235,509</u>	<u>4,267,299</u>	<u>22,464,832</u>	<u>23,829,569</u>
EXPENSES										
Personnel services	48,991	14,519	191,443	173,286	1,261,534	1,426,176	1,019,992	1,049,960	6,983,447	6,088,809
Contract services	7,816	6,444	274,630	97,630	308,664	293,738	496,331	488,837	2,353,940	2,204,520
Utilities	31,496	6,054	2,374	2,325	356,912	357,385	966,612	774,793	1,983,479	1,649,623
Maintenance, materials and supplies	5,039	31,395	102,389	45,207	510,701	465,262	834,426	623,939	2,564,933	2,230,732
City owned and hired equipment	80,774	219,662	25,045	5,599	46,908	85,365	184,592	184,244	2,149,372	1,448,044
Grants and contributions	-	-	2,122	3,740	95,000	95,000	-	-	245,515	228,088
Amortization	-	-	-	-	-	-	650,589	650,587	1,709,941	1,630,532
Interest on long term debt	-	-	-	-	-	-	63,798	105,491	81,267	128,185
Other	5,968	20,853	-	-	-	-	-	-	1,328,603	888,043
	<u>180,084</u>	<u>298,927</u>	<u>598,003</u>	<u>327,787</u>	<u>2,579,719</u>	<u>2,722,926</u>	<u>4,216,340</u>	<u>3,877,851</u>	<u>19,400,497</u>	<u>16,496,576</u>
SURPLUS (DEFICIT)	<u>\$ 68,720</u>	<u>(170,168)</u>	<u>(500,503)</u>	<u>(303,147)</u>	<u>610,327</u>	<u>4,349,942</u>	<u>19,169</u>	<u>389,448</u>	<u>3,064,335</u>	<u>7,332,993</u>

THE CITY OF FLIN FLON
DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS
YEAR ENDED DECEMBER 31, 2025

	<u>Core Government</u>		<u>Controlled Entities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
REVENUE						
Property taxes	\$ 5,983,929	5,554,088	-	-	5,983,929	5,554,088
Grants in lieu of taxation	3,036,116	3,424,687	-	-	3,036,116	3,424,687
User fees	2,376,479	994,739	-	-	2,376,479	994,739
Permits, licences and fines	1,772,705	1,650,311	-	-	1,772,705	1,650,311
Investment income	34,045	55,776	-	-	34,045	55,776
Other revenue	875,783	848,393	12,850	10,255	888,633	858,648
Water and sewer	3,447,595	3,359,734	-	-	3,447,595	3,359,734
Province of Manitoba - Unconditional grants	-	-	-	-	-	-
Province of Manitoba - Conditional grants	3,445,360	3,733,703	-	-	3,445,360	3,733,703
Grants - other	<u>1,479,970</u>	<u>4,181,883</u>	<u>-</u>	<u>16,000</u>	<u>1,479,970</u>	<u>4,197,883</u>
	22,451,982	23,803,314	12,850	26,255	22,464,832	23,829,569
EXPENSES						
Personnel services	6,983,447	6,088,809	-	-	6,983,447	6,088,809
Contract services	2,353,940	2,204,520	-	-	2,353,940	2,204,520
Utilities	1,983,479	1,649,623	-	-	1,983,479	1,649,623
Maintenance, materials and supplies	2,564,933	2,230,732	-	-	2,564,933	2,230,732
City owned and hired equipment	2,149,372	1,448,044	-	-	2,149,372	1,448,044
Grants and contributions	245,515	228,088	-	-	245,515	228,088
Amortization	1,709,941	1,630,532	-	-	1,709,941	1,630,532
Interest on long term debt	81,267	128,185	-	-	81,267	128,185
Other	<u>1,322,635</u>	<u>867,190</u>	<u>5,968</u>	<u>20,853</u>	<u>1,328,603</u>	<u>888,043</u>
	<u>19,394,529</u>	<u>16,475,723</u>	<u>5,968</u>	<u>20,853</u>	<u>19,400,497</u>	<u>16,496,576</u>
SURPLUS	\$ <u><u>3,057,453</u></u>	<u><u>7,327,591</u></u>	<u><u>6,882</u></u>	<u><u>5,402</u></u>	<u><u>3,064,335</u></u>	<u><u>7,332,993</u></u>

CITY OF FLIN FLON
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
YEAR ENDED DECEMBER 31, 2025

SCHEDULE 6

	<u>General Reserve</u>	<u>Equipment Reserve</u>	<u>Meter Reserve</u>	<u>Gas Tax Transit</u>	<u>Saskatchewan Capital Trust</u>	<u>Fire Dept Equipment</u>	<u>Capital Reserve</u>	<u>2025</u>	<u>2024</u>
REVENUE									
Investment income	\$ 17,706	2,959	120	442	102	1,622	-	22,951	39,993
EXPENSES									
Miscellaneous purchases	-	-	-	-	-	-	-	-	1,843,707
NET REVENUES	17,706	2,959	120	442	102	1,622	-	22,951	(1,803,714)
Transfers from general operating fund	220,000	75,000	-	-	-	65,000	-	360,000	1,513,565
Transfers to general operating fund	(598,553)	-	-	-	-	-	-	(598,553)	(262,118)
Transfers to reserve fund	-	-	-	-	-	-	-	-	-
Acquisition of tangible capital assets	-	(136,644)	-	-	-	-	-	(136,644)	-
CHANGE IN RESERVE FUND BALANCES	(360,847)	(58,685)	120	442	102	66,622	-	(352,246)	(552,267)
FUND SURPLUS, BEGINNING OF YEA	4,303,747	847,112	29,485	108,740	25,121	383,952	124,354	5,822,511	6,374,779
FUND SURPLUS, END OF YEAR	<u>\$ 3,942,900</u>	<u>788,427</u>	<u>29,605</u>	<u>109,182</u>	<u>25,223</u>	<u>450,574</u>	<u>124,354</u>	<u>5,470,265</u>	<u>5,822,512</u>

**CITY OF FLIN FLON
SCHEDULE OF L.U.D. OPERATIONS
YEAR ENDED DECEMBER 31, 2025**

SCHEDULE 7

Schedule is left blank because all current year and prior year numbers are nil.

THE CITY OF FLIN FLON
SCHEDULE OF FINANCIAL POSITION FOR UTILITIES
YEAR ENDED DECEMBER 31, 2025

SCHEDULE 8

	<u>2025</u>	<u>2024</u>
FINANCIAL ASSETS		
Amounts receivable (Note 3)	\$ 441,990	541,243
LIABILITIES		
Long-term debt (Note 9)	889,877	1,363,994
Due to other funds	9,832,458	10,173,619
	<u>10,722,335</u>	<u>11,537,613</u>
NET DEBT	<u>(10,280,345)</u>	<u>(10,996,370)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	35,798,518	36,449,107
Inventories (Note 5)	534,993	581,260
	<u>36,333,511</u>	<u>37,030,367</u>
FUND SURPLUS	<u>\$ 26,053,166</u>	<u>26,033,997</u>

**THE CITY OF FLIN FLON
SCHEDULE OF UTILITY OPERATIONS
YEAR ENDED DECEMBER 31, 2025**

SCHEDULE 9

	<u>Budget</u>	<u>2025</u>	<u>2024</u>
REVENUE			
Water			
Water fees	\$ 2,820,000	1,966,693	1,540,746
Bulk water fees	<u>175,000</u>	<u>59,184</u>	<u>85,806</u>
sub-total- water	<u>2,995,000</u>	<u>2,025,877</u>	<u>1,626,552</u>
Sewer			
Sewer fees	<u>960,000</u>	<u>996,312</u>	<u>1,540,747</u>
Property taxes	<u>537,914</u>	<u>787,914</u>	<u>907,565</u>
Recovery			
Deficit recovery	<u>180,000</u>	<u>206,571</u>	<u>15</u>
Other			
Hydrant rentals	136,000	136,080	136,080
Penalties	55,000	54,936	49,558
Other income	<u>15,000</u>	<u>27,819</u>	<u>6,782</u>
sub-total- other	<u>206,000</u>	<u>218,835</u>	<u>192,420</u>
Total revenue	<u><u>\$ 4,878,914</u></u>	<u><u>4,235,509</u></u>	<u><u>4,267,299</u></u>

THE CITY OF FLIN FLON
SCHEDULE OF UTILITY OPERATIONS
YEAR ENDED DECEMBER 31, 2025

SCHEDULE 9

	<u>Budget</u>	<u>2025</u>	<u>2024</u>
EXPENSES			
General			
Administration	\$ 320,000	312,804	287,399
Training costs	23,617	8,360	41,242
Billing and collection	139,000	157,825	145,180
Utilities (telephone, electricity, etc.)	3,000	2,148	4,203
sub-total- general	<u>485,617</u>	<u>481,137</u>	<u>478,024</u>
Water General			
Purification and treatment	580,000	583,414	521,511
Water purchases	187,000	187,714	184,548
Transmission and distribution	1,171,750	714,702	699,258
Hydrant maintenance	70,000	38,715	53,539
Connection costs	189,250	149,746	101,366
sub-total- water general	<u>2,198,000</u>	<u>1,674,291</u>	<u>1,560,222</u>
Water Amortization and Interest			
Amortization	-	416,647	416,646
Interest on long term debt	62,626	62,627	81,219
sub-total- water amortization and interest	<u>62,626</u>	<u>479,274</u>	<u>497,865</u>
Sewer General			
Collection system costs	300,000	93,349	137,132
Treatment and disposal cost	1,072,500	616,788	540,752
Lift Station costs	562,000	436,736	236,363
Connection costs	62,000	54,702	53,881
Delivery Sewer	135,000	144,950	114,853
Other sewage and disposal costs	-	-	546
sub-total- sewer general	<u>2,131,500</u>	<u>1,346,525</u>	<u>1,083,527</u>
Sewage Amortization and Interest			
Amortization	-	233,942	233,941
Interest on long term debt	1,171	1,171	24,272
sub-total- sewer amortization and interest	<u>1,171</u>	<u>235,113</u>	<u>258,213</u>
Total expenses	<u>4,878,914</u>	<u>4,216,340</u>	<u>3,877,851</u>
NET OPERATING SURPLUS	<u>\$ -</u>	<u>19,169</u>	<u>389,448</u>
FUND SURPLUS, BEGINNING OF YEAR		<u>26,033,997</u>	<u>25,644,549</u>
FUND SURPLUS, END OF YEAR		<u>\$ 26,053,166</u>	<u>26,033,997</u>

THE CITY OF FLIN FLON
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
YEAR ENDED DECEMBER 31, 2025

SCHEDULE 10

	<u>Financial Plan General</u>	<u>Financial Plan Utility(ies)</u>	<u>Financial Plan Airport</u>	<u>Amortization (TCA)</u>	<u>Interest Expense</u>	<u>Transfers</u>	<u>PSAB Budget</u>
REVENUE							
Property taxes	\$ 5,983,146	-	-	-	-	-	5,983,146
Grants in lieu of taxation	3,090,163	-	-	-	-	-	3,090,163
User fees	1,449,000	-	-	-	-	-	1,449,000
Permits, licences and fines	138,040	-	1,119,650	-	-	-	1,257,690
Investment income	60,000	-	-	-	-	-	60,000
Other revenue	895,000	-	-	-	-	-	895,000
Water and sewer	-	4,878,914	-	-	-	-	4,878,914
Grants - Province of Manitoba	1,040,000	-	-	-	-	-	1,040,000
Grants - other	657,000	-	-	-	-	-	657,000
Transfers from reserves	133,000	-	-	-	-	(133,000)	-
Total revenue	<u>13,445,349</u>	<u>4,878,914</u>	<u>1,119,650</u>	<u>-</u>	<u>-</u>	<u>(133,000)</u>	<u>19,310,913</u>
EXPENSES							
General government services	\$ 2,090,600	-	-	1,059,352	17,469	24,017	3,191,438
Protective services	743,800	-	-	-	-	-	743,800
Transportation services	3,944,500	-	1,121,126	-	-	-	5,065,626
Environmental health services	745,250	-	-	-	-	-	745,250
Public health and welfare services	60,284	-	-	-	-	-	60,284
Regional planning and development	805,500	-	-	-	-	-	805,500
Resource cons and industrial dev	337,000	-	-	-	-	-	337,000
Recreation and cultural services	2,587,608	-	-	-	-	-	2,587,608
Water and sewer services	-	4,878,914	-	650,589	63,798	-	5,593,301
Fiscal services:							-
Transfer to capital	1,110,000	-	-	-	-	(1,110,000)	-
Debt charges	636,790	-	-	-	-	(636,790)	-
Transfer to Utility	-	-	-	-	-	-	-
Transfer to reserves	360,000	-	-	-	-	(360,000)	-
Allowance for tax assets	24,017	-	-	-	-	(24,017)	-
Total expenses	<u>13,445,349</u>	<u>4,878,914</u>	<u>1,121,126</u>	<u>1,709,941</u>	<u>81,267</u>	<u>(2,106,790)</u>	<u>19,129,807</u>
Surplus (Deficit)	<u>\$ -</u>	<u>-</u>	<u>(1,476)</u>	<u>(1,709,941)</u>	<u>(81,267)</u>	<u>1,973,790</u>	<u>181,106</u>

**THE CITY OF FLIN FLON
ANALYSIS OF TAXES ON ROLL
YEAR ENDED DECEMBER 31, 2025**

SCHEDULE 11

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 3,165,596	3,561,811
Add:		
Tax levy (Schedule 12)	9,997,858	9,497,254
Taxes added	782	38,308
Penalties or interest	195,274	263,313
Other accounts added	958,948	789,325
Grants	103,933	98,731
	<u>11,256,795</u>	<u>10,686,931</u>
Deduct:		
Cash collections - current	7,024,510	7,109,890
Cash collections - arrears	1,239,619	1,254,686
Writeoffs	1,168,833	763,221
Tax discounts	92,262	119,261
M.P.T.C. - cash advance	-	420,161
School Tax Rebate	-	1,415,928
Homeowner Affordability Tax Credit	1,459,521	-
	<u>10,984,744</u>	<u>11,083,146</u>
Balance, end of year	<u><u>\$ 3,437,647</u></u>	<u><u>3,165,596</u></u>

**THE CITY OF FLIN FLON
ANALYSIS OF TAX LEVY
YEAR ENDED DECEMBER 31, 2025**

SCHEDULE 12

			<u>2025</u>	<u>2024</u>
	Assessment	Mill Rate	Levy	Levy
Debt charges:				
LI.D.	\$ 155,454,500	2.49	387,082	744,803
Other (at large)	129,286,410	0.87	112,479	113,315
sub-total- Debt charges			<u>499,561</u>	<u>858,118</u>
Reserves:				
General reserve	129,286,410	1.63	210,737	211,352
Equipment reserve	129,286,410	0.56	72,400	119,681
sub-total- Reserves			<u>283,137</u>	<u>331,033</u>
General municipal	129,286,410	13.00	<u>1,680,723</u>	<u>1,285,934</u>
Special levies:				
Utilities	129,286,410	1.02	131,872	132,413
Residential Special Service Levy	2,923	1,096.41	<u>3,204,806</u>	<u>2,670,482</u>
sub-total- Special levies			<u>3,336,678</u>	<u>2,802,895</u>
Business Taxes and Fees				
Business tax (rate %)	3,518,300	0.05	175,915	173,780
Business fees			7,133	8,321
Business Special Service Levy	-	-	-	55,698
sub-total Business Taxes and Fees			<u>183,048</u>	<u>237,799</u>
Total municipal taxes (Schedule 2)			<u>5,983,147</u>	<u>5,515,779</u>
Education support levy	38,172,390	7.12	<u>271,787</u>	<u>292,244</u>
Special levies:				
Flin Flon School Division 46	129,200,000	28.97	<u>3,742,924</u>	<u>3,689,231</u>
Total education taxes			<u>4,014,711</u>	<u>3,981,475</u>
Total tax levy (Schedule 11)			<u><u>\$ 9,997,858</u></u>	<u><u>9,497,254</u></u>

THE CITY OF FLIN FLON
SCHEDULE OF GENERAL OPERATING FUND EXPENSES
YEAR ENDED DECEMBER 31, 2025

SCHEDULE 13

	<u>2025</u>	<u>2024</u>
General government services:		
Legislative	\$ 232,228	\$ 212,675
General administrative	2,477,663	1,908,340
Other	1,410,457	1,373,102
	<u>4,120,348</u>	<u>3,494,117</u>
Protective services:		
Police	59,652	79,082
Fire	579,919	591,796
Other	1,316,281	201,691
	<u>1,955,852</u>	<u>872,568</u>
Transportation services:		
Road transport		
Administration and engineering	1,599,339	1,384,142
Road and street maintenance	1,715,592	1,147,799
Bridge maintenance	22,842	40,217
Sidewalk and boulevard maintenance	118,453	50,617
Street lighting	109,015	107,894
Other	45,003	46,638
Air transport	1,153,862	1,000,645
Public transit	284,611	238,001
	<u>5,048,717</u>	<u>4,015,953</u>
Environmental health services:		
Waste collection and disposal	564,733	762,198
Recycling	76,417	63,964
	<u>641,150</u>	<u>826,162</u>
Public health and welfare services:		
Social assistance	60,284	60,284
Regional planning and development:		
Other	180,084	298,927
Resource conservation and industrial development:		
Regional development	598,003	327,787
Recreation and cultural services:		
Administration	176,973	151,375
Community centres and halls	377,681	380,736
Swimming pools and beaches	2,287	-
Cemeteries	79,760	83,123
Skating and curling rinks	993,203	1,079,404
Parks and playgrounds	434,417	619,661
Other recreational facilities	195,288	256,337
Museums	6,545	6,213
Libraries	313,565	146,077
	<u>2,579,719</u>	<u>2,722,928</u>
Total expenses	<u><u>\$ 15,184,157</u></u>	<u><u>12,618,725</u></u>

**THE CITY OF FLIN FLON
RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)
YEAR ENDED DECEMBER 31, 2025**

SCHEDULE 14

	<u>General</u>	<u>Utility</u>	<u>2025</u>	<u>2024</u>
MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT	\$ (6,025,646)	195,641	(5,830,005)	(4,325,943)
Adjustments for reporting under public sector accounting standards				
Eliminate expense - transfers to reserves	360,000	-	360,000	1,513,565
Eliminate revenue - transfers from reserves	(136,644)	-	(136,644)	-
Increase revenue - reserve funds interest	22,951	-	22,951	39,993
Increase expense - reserve fund expenditures	-	-	-	(1,843,707)
Increase (decrease) revenue - Net surplus (deficit) of consolidated entities	6,882	-	6,882	5,402
Increase expense - amortization of tangible capital assets	(1,059,352)	(650,589)	(1,709,941)	(1,630,532)
Decrease expense - principal portion of debenture debt	99,877	474,117	573,994	896,724
Eliminate expense - acquisitions of tangible capital assets	<u>9,777,098</u>	<u>-</u>	<u>9,777,098</u>	<u>12,677,491</u>
NET SURPLUS PER CONSOLIDATED STATEMENT OF OPERATIONS	<u>\$ 3,045,166</u>	<u>19,169</u>	<u>3,064,335</u>	<u>7,332,993</u>