Town of Carman

Consolidated Financial Statements
For the Year Ended December 31, 2025

STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the Town of Carman and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Chartered Professional Accountants 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 Town 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.

BDO Canada LLP as the Town'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 Town in accordance with Canadian Public Sector Accounting Standards.

Susan Stein, CMMA, CLGED, Chief Administrative Officer

7/13/26

Date

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BDO Canada LLP
201 Portage Avenue, 26th Floor
Winnipeg MB R3B 3K6 Canada

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of Council of the Town of Carman

Opinion

We have audited the consolidated financial statements of the Town of Carman and its controlled entities (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, change in net debt, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2025, and its consolidated results of operations, its consolidated change in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these 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 Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 Town'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 Town to cease to continue as a going concern.

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
July 22, 2026

Town of Carman

Consolidated Financial Statements
For the Year Ended December 31, 2025

Town of Carman
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash and temporary investment (Note 3)	**$ 4,452,742**	$ 3,616,357
Amounts receivable (Note 4)	**1,011,560**	1,268,560
Other assets	**16,633**	17,446
	5,480,935	4,902,363
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	**521,250**	972,314
Deferred revenue (Note 7)	**864,172**	736,994
Asset retirement obligation (Note 8)	**14,089**	13,423
Long-term debt (Note 9)	**4,702,121**	5,182,238
	6,101,632	6,904,969
NET DEBT	**(620,697)**	(2,002,606)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	**30,640,573**	30,922,362
Inventories (Note 5)	**115,733**	115,733
Prepaid expenses	**31,490**	36,638
	30,787,796	31,074,733
ACCUMULATED SURPLUS (Note 13)	**$ 30,167,099**	$ 29,072,127

COMMITMENTS (Note 10)

Approved on behalf of Council:

Mayor

Deputy Mayor

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

Town of Carman
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2025

	2025 Budget (Schedule 10)	2025 Actual	2024 Actual
REVENUE			
Property taxes	$ 4,227,808	$ 4,388,589	$ 4,140,603
Grants in lieu of taxation	137,988	35,477	40,773
User fees	1,160,567	1,138,030	1,077,250
Permits, licenses and fines	286,395	267,136	226,769
Investment income	51,127	103,704	115,229
Other revenue	371,570	68,544	87,328
Water and sewer	1,931,671	1,961,182	1,896,235
Grants - Province of Manitoba	1,219,400	1,250,292	1,512,120
Grants - other	1,070,600	1,045,261	1,254,601
Total revenue (Schedules 2, 4 and 5)	10,457,126	10,258,215	10,350,908
EXPENSES			
General government services	1,194,910	1,127,397	1,047,533
Protective services	1,030,928	1,080,226	1,023,516
Transportation services	2,246,006	1,724,145	1,686,199
Environmental health services	507,930	490,508	485,180
Public health and welfare services	361,610	362,481	336,179
Regional planning and development	192,321	171,267	233,902
Resource conservation and industrial development	-	3,019	340,315
Recreation and cultural services	2,099,739	2,025,587	2,332,257
Water and sewer services	2,179,919	2,178,613	2,081,861
Allowance for tax assets	-	-	-
Transfer to reserves	192,181	-	-
Total expenses (Schedules 3, 4 and 5)	10,005,544	9,163,243	9,566,942
ANNUAL SURPLUS	$ 451,582	1,094,972	783,966
ACCUMULATED SURPLUS, BEGINNING OF YEAR		29,072,127	28,288,161
ACCUMULATED SURPLUS, END OF YEAR		$ 30,167,099	$ 29,072,127

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

Town of Carman
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
Year Ended December 31, 2025

	2025 Budget (Note 12)	2025 Actual	2024 Actual
ANNUAL SURPLUS	$ 451,582	$ 1,094,972	$ 783,966
Acquisition of tangible capital assets	(892,708)	(892,708)	(1,425,976)
Amortization of tangible capital assets	1,173,948	1,173,284	1,229,802
Gain on disposal of tangible capital assets	-	(7,150)	-
Proceeds on disposal of tangible capital assets	-	8,363	644,550
Decrease in prepaid expense	-	5,148	60,612
	281,240	286,937	508,988
CHANGE IN NET FINANCIAL DEBT	$ 732,822	1,381,909	1,292,954
NET DEBT, BEGINNING OF YEAR		(2,002,606)	(3,295,560)
NET DEBT, END OF YEAR		$ (620,697)	$ (2,002,606)

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

Town of Carman
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2025

	2025	2024
OPERATING TRANSACTIONS		
Annual surplus	**$ 1,094,972**	$ 783,966
Changes in non-cash items:		
Amounts receivable	**257,000**	(3,462)
Prepaids	**5,148**	60,612
Accounts payable and accrued liabilities	**(451,064)**	(303,567)
Asset retirement obligation	**666**	(133,883)
Other assets	**813**	26,687
Deferred revenue	**127,178**	(325,141)
Loss (gain) on sale of tangible capital asset	**(7,150)**	-
Amortization	**1,173,284**	1,229,802
Cash provided by operating transactions	**2,200,847**	1,335,014
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	**8,363**	644,550
Cash used to acquire tangible capital assets	**(892,708)**	(1,425,976)
Cash applied to capital transactions	**(884,345)**	(781,426)
INVESTING TRANSACTIONS		
Cash applied to investing transactions	**-**	-
FINANCING TRANSACTIONS		
Proceeds of long-term debt	**-**	
Debt repayment	**(480,117)**	(353,740)
Cash applied to financing transactions	**(480,117)**	(353,740)
INCREASE IN CASH	**836,385**	199,848
CASH, BEGINNING OF YEAR	**3,616,357**	3,416,509
CASH, END OF YEAR	**$ 4,452,742**	$ 3,616,357

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

1. Status of the Town of Carman

The incorporated Town of Carman (the Town) is a municipal government that was created in 1905 pursuant to the Manitoba Municipal Act. The Town provides or funds municipal services such as police, fire, public works, urban planning, airport, parks and recreation, library and other general government operations. The Town 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 ("PSAS") as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada and reflect the following significant accounting policies:

a) Reporting Entity

The consolidated financial statements include the assets, liabilities, accumulated surplus, revenue and expenses of the reporting entity. The reporting entity is comprised of all the funds, agencies, local boards, and committees of Council which are controlled by the Town. Control is defined as the power to govern the financial and reporting policies of another organization with the expected benefits of risk of loss to the Town. The controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the Town. Inter-company balances and transactions have been eliminated. At December 31, 2025, the Municipality has no controlled organizations.

The Town has several partnership agreements in place, and as such, consistent with generally accepted accounting treatment for government partnerships, the following local agencies, boards and commissions are accounted on a proportionate consolidation basis whereby the Town's pro-rata share of each of the assets, liabilities, revenues, and expenses are combined on a line by line basis in the financial statements. Inter-company balances and transactions have been eliminated. The government partnerships include:

Boyne Regional Library	50%	(50% in 2024)
Carman & Community Health Centre	50%	(50% in 2024)
Pembina Valley Water Cooperative Inc.	4.54%	(4.54% in 2024)

The taxation with respect to the operations of the school divisions are not reflected in the Municipal surplus of these financial statements.

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

Cash and temporary investments include cash and short-term investments with maturities of three months or less from the date of acquisition are measured at fair value. Amounts receivable, portfolio investment, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the Consolidated Statement of Financial Position.

Interest and dividends attributable to financial instruments are reported in the Consolidated Statement of Operations.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

2. Significant Accounting Policies (continued)

c) Financial Instruments (continued)

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Consolidated Statement of Operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

As the Town has no remeasurement gains or losses, this statement has not been presented.

d) 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.

Real estate properties and inventories held for sale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year of the reporting date.

e) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are 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 not available. The Town does not capitalize internal finance charges as part of the cost of its tangible capital assets.

<u>General Tangible Capital Assets</u>

Land	Indefinite
Land Improvements	10 to 30 years
Buildings and leasehold improvements	
Buildings	25 to 40 years
Leasehold improvements	Life of lease
Vehicles and Equipment	
Vehicles	5 years
Machinery, equipment and furniture	10 years
Maintenance and road construction equipment	15 years
Computer Hardware and Software	4 years

<u>Infrastructure Assets</u>

Transportation	
Land	Indefinite
Road surface	20 to 30 years
Road grade	40 years
Bridges	25 to 50 years
Traffic lights and equipment	10 years
Water and Sewer	
Land	Indefinite
Land improvements	30 to 50 years
Buildings	25 to 40 years
Underground networks	40 to 60 years
Machinery and equipment	10 to 20 years
Dams and other surface water structures	40 to 60 years

2. Significant Accounting Policies (continued)

e) 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. Intangibles, Crown lands that have not been purchased by the town, forests, water, and other natural resources are not recognized as tangible capital assets.

f) 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.

g) 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.

h) Employee Future Benefits

The Municipality pays the employer portion of a multi-employer defined benefit pension plan handled by the Municipal Employees' Pension Plan ("MEPP") for its employees. Under this plan, specific fixed amounts are contributed by the Municipality each period for services rendered by the employees matching employee contributions.

For those defined benefit obligations that vest such as a portion of sick pay, the benefit costs are recognized and recorded as an expense and a liability in the period in which employees render services to the Municipality in return for the benefits.

For those defined benefit plans that accumulate but do not vest such as the non-vesting portion of sick pay, the benefit costs are recognized and recorded only in the period when the employee is sick given that the liability for sick pay benefits has been determined to be insignificant at year end.

i) Revenue Recognition

User Fees and Other Revenue
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 Town 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 Town 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 municipality 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.

2. Significant Accounting Policies (continued)

i) Revenue Recognition (continued)

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
Revenue from property taxes is 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
Externally restricted inflows are recognized as revenue in the year in which expenses are incurred for the purposes specified. Externally restricted inflows received before the expenses are incurred are reported as a liability.

Deferred revenue represents user charges and other fees which have been collected, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the services are provided.

j) Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

k) Measurement Uncertainty

Estimates are used by management to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the consolidated financial statements are prepared. Uncertainty in the determination of 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 there is whenever estimates are used. Actual results could differ from management's best estimates as additional information becomes available in the future.

Measurement uncertainty in these financial statements exists in the estimate of asset retirement obligations. The liability associated with 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:

2. Significant Accounting Policies (continued)

i) Revenue Recognition (continued)

l) Future Changes in Accounting Standards (continued)

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

• PSAS 1202, Financial Statement Presentation, replaces PSAS 1201 for fiscal years beginning January 1, 2027. Early adoption is permitted.

• 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 Town 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. Cash

	2025	2024
Cash	**$ 4,452,742**	$ 3,616,357

The Town has designated funds to reserves for debt principal repayments and tangible capital asset acquisitions. See Schedule 6 - Schedule of Change in Reserve Fund Balances.

The Town has a $1.5 million line of credit bearing interest at prime minus 0.50% (3.95% effective rate), and secured by a general security agreement and pledge of taxes. As at December 31, 2025 and 2024, the balance was unutilized.

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	2025	2024
Taxes on roll (Schedule 11)	**$ 224,067**	$ 329,957
Government grants	**24,000**	24,000
Utility customers	**310,490**	292,867
Organizations and individuals	**411,160**	619,833
Other governments	**41,843**	1,903
	1,011,560	1,268,560
Less allowances for doubtful amounts	**-**	-
	$ 1,011,560	$ 1,268,560

5. Inventories

	2025	2024
Water meters	**$ 36,885**	$ 36,885
Drain plates	**65,758**	65,758
Other supplies	**13,090**	13,090
	$ 115,733	$ 115,733

6. Accounts Payable and Accrued Liabilities

	2025	2024
Accounts payable	**$ 163,735**	$ 633,555
Accrued expenses	**329,712**	333,894
School levies	**27,803**	4,865
	$ 521,250	$ 972,314

7. Deferred Revenue

	2025	2024
Regional Water Treatment Facility - Provincial Funding	**$ 614,773**	$ 505,666
Building Sustainable Communities - Province of Manitoba	**249,399**	231,328
Property taxes		-
	$ 864,172	$ 736,994

8. Asset Retirement Obligations

The Town's consolidated financial statements include asset retiring obligations retiring asbestos on its buildings.

	2025	2024
Opening balance	**$ 13,423**	$ 147,305
Change in estimates	**-**	(134,493)
Accretion expense	**666**	611
Closing balance	**$ 14,089**	$ 13,423

The asset retirement liability has been estimated using a net present value technique using the assumptions as described below. The related asset retirement costs are being amortized on a straight-line basis over the remaining useful lives of the assets.

a) Asbestos

Legislation requires the municipality to appropriately handle and dispose of any material containing asbestos and lead paint when renovating or demolishing a municipal structure. The municipality owns memorial hall and arena which contain asbestos. The estimated total liability related to the memorial hall and arena amount to $14,089 ($13,423 in 2024) which is based on the sum of discounted future cash flows of $11,622 using a discount rate of 5%. The asset cost capitalized has an estimated useful life of 24 to 30 years. The estimated total undiscounted future expenditure is $29,367, which will be incurred at the end of the assets’ useful lives.

9. Long-term Debt

		2025	2024
General Authority			
By-Law 09/1947	$ 600,000		
Debenture, interest at 5.42%, payable at $61,240 annually including interest, maturing December, 2030.		**213,448**	249,785
By-Law 16/2010	$ 750,000		
Debenture, interest at 2.90%, payable at $87,475 annually including interest, maturing December, 2025. Repaid during the year.		**-**	85,010
By-Law 19/2039	$ 825,000		
Debenture, interest at 3.56%, payable at $71,937 annually including interest, maturing April 2034.		**545,761**	596,464
Laycock - Industrial Park	$ 1,183,500		
Long-term debt, interest free, payable at $27,000 annually, maturing January 2036.		**297,300**	325,500
		$ 1,056,509	$ 1,256,759
Utility Funds			
By-Law 23/2063	$2,960,000		
Debenture, interest at 5.25%, payable at $290,012 annually including interest, maturing December, 2037.		**$ 2,534,590**	$ 2,683,708
By-Law 08/1922	$650,000		
Debenture, interest at 5.50%, payable at $54,392 annually including interest, maturing December, 2028.		**146,745**	190,651
		$ 2,681,335	$ 2,874,359
Pembina Valley Water Co-operative Inc.			
CIBC demand facility bearing interest at 3.56% per annum, repayable in monthly payments consisting of principal of $3,609 and interest at the 1 month bankers' acceptances rate (the floating rate). The loan is subject to an interest rate swap agreement with the bank whereby the Co-op receives/pays the difference between the floating rate and the fixed rate of 3.56% less a stamping fee of 0.81%. The loan matures on July 29, 2033, if not demanded, and is secured by a general security agreement over accounts receivable and all property owned by the Co-op.		**$ 369,413**	$ 413,130
CIBC demand facility bearing interest at 4.09% per annum, repayable in monthly payments consisting of principal of $1,296 and interest at the 1 month bankers' acceptances rate (the floating rate). The loan is subject to an interest rate swap agreement with the bank whereby the Co-op receives/pays the difference between the floating rate and the fixed rate of 4.09% less a stamping fee of 0.30%. The loan matures on May 31, 2028, if not demanded, and is secured by a general security agreement over accounts receivable and all property owned by the Co-op.		**263,093**	278,645

9. Long-term Debt (continued)

Pembina Valley Water Co-operative Inc. (continued)

CIBC demand facility bearing interest at 4.09% per annum, repayable in monthly payments consisting of principal of $367 and interest at the 1 month bankers' acceptances rate (the floating rate). The loan is subject to an interest rate swap agreement with the bank whereby the Co-op receives/pays the difference between the floating rate and the fixed rate of 4.09% less a stamping fee of 0.30%. The loan matures on May 31, 2028, if not demanded, and is secured by a general security agreement over accounts receivable and all property owned by the Co-op.	**34,470**	38,871
CIBC demand facility bearing interest at 2.45% per annum, repayable in monthly payments consisting of principal of $568 and interest at the 1 month bankers' acceptances rate (the floating rate). The loan is subject to an interest rate swap agreement with the bank whereby the Co-op receives/pays the difference between the floating rate and the fixed rate of 2.49% less a stamping fee of 0.30%. The loan matures on Novmber 29, 2041, if not demanded, and is secured by a general security agreement over accounts receivable and all property owned by the Co-op.	**108,393**	115,203
CIBC demand facility bearing interest at 4.09% per annum, repayable in monthly payments consisting of principal of $670 and interest at the 1 month bankers' acceptances rate (the floating rate). The loan is subject to an interest rate swap agreement with the bank whereby the Co-op receives/pays the difference between the floating rate and the fixed rate of 4.09% less a stamping fee of 0.30%. The loan matures on May 31, 2028, if not demanded, and is secured by a general security agreement over accounts receivable and all property owned by the Co-op.	**79,065**	87,390
CIBC demand facility bearing interest at 3.6% per annum, repayable in monthly payments consisting of principal of $670 and interest at the 1 month bankers' acceptances rate (the floating rate). The loan is subject to an interest rate swap agreement with the bank whereby the Co-op receives/pays the difference between the floating rate and the fixed rate of 3.36% less a stamping fee of 1.11%. The loan matures on July 21, 2034, if not demanded, and is secured by a general security agreement over accounts receivable and all property owned by	**109,843**	117,881
	964,277	1,051,120
	$ 4,702,121	$ 5,182,238

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

2025	$ 382,024
2026	397,885
2027	414,527
2028	377,598
2029	392,929

10. Commitments

The Town entered into a contract with Pembina Valley Water Co-operative Inc. that expires in 2034. The contract identifies the annual amount of water the Town has committed to purchase from the co-operative and is volume based.

11. Financial Instruments Risk Management

The Town as part of its operations carries a number of financial instruments. It is management's opinion the Town is not exposed to significant credit, liquidity, interest, currency and market risk arising from these financial instruments, except as otherwise disclosed.

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 Town is exposed to credit risk through its cash and accounts receivable. The Town holds its cash and bank at a credit union with deposits guaranteed. The Town is not exposed to significant credit risk relating to the accounts receivable as the amounts due are spread among a broad base of ratepayers, payment in full is typically collected when it is due, and balances are secured by real property, and grants are paid pursuant to signed agreements.

Liquidity Risk

Liquidity risk is the risk that the Town will encounter difficulty in meeting obligations associated with financial liabilities. The Town is exposed to liquidity risk through its accounts payable and debt. The Town manages its cash flow to maintain adequate levels of working capital to ensure all its obligations can be met when they fall due.

12. Budget

The financial plan is prepared on a revenue and expenditure basis. For comparative purposes, the Town 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 financial statements have been approved by council.

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

13. Accumulated Surplus

	2025	2024
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	**$ 1,040,239**	$ 377,482
Utility operating fund - Nominal surplus	**585,968**	598,151
TCA net of related borrowings	**24,577,909**	24,505,692
Reserve funds	**1,649,355**	1,527,746
Accumulated surplus of municipality unconsolidated	**27,853,471**	27,009,071
Accumulated surpluses of consolidated entities	**2,313,628**	2,063,056
Accumulated surplus per Consolidated Statement of Financial Position	**$ 30,167,099**	$ 29,072,127

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 Town. For the year ended December 31, 2025:

a) There were no members of council receiving compensation in excess of $85,000 individually.

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

Name	Position	Amount
Joe Richardson	Town Foreman/Maintenance	106,298
Susan Stein	Chief Administration Officer	143,516

It is a requirement of The Municipal Act that the annual financial statement disclose the amount of compensation, expenses and any other payment made to council or committee members by the type of each payment and the total amount of payment to each member of council of the Town. For the year ended December 31, 2025:

c) Compensation paid to members of council amounted to $128,155 in aggregate.

Council Members:

	Compensation	Expenses	Total
Mayor - Brent Owen	$ 24,540	$ 3,197	$ 27,737
Deputy Mayor - Robert Bryson	17,340	1,332	18,672
Councillor - Carly Boklaschuk	15,600	3,943	19,543
Councillor - Lindsay Boeve	15,600	1,659	17,259
Councillor - Richard Dyck	16,800	1,320	18,120
Councillor - Erin Lemky	15,975	1,382	17,357
Councillor - Dale Reimer	15,600	1,320	16,920
	$ 121,455	$ 14,153	$ 135,608

15. Public Utilities Board

The Public Utilities Board (PUB) regulates the rates charged by all water and wastewater utilities, except the City of Winnipeg Utility and wholesale water rates set by the Manitoba Water Services Board. The PUB has the authority to order any owner of a utility to adopt uniform and prescribed accounting policies. The PUB's prescribed accounting policies on tangible or contributed capital assets and government transfers allow for adjustments to be made, for rate setting purposes, which do not meet PSAB standards.

For information purposes, the Municipality 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 financial statements.

The following table provides historical information on capital grants for tangible with a remaining net book value.

Water Services:

Description of Utility	Unamortized Opening Balance	Additions During Year	Amortization During Year	Unamortized Balance Ending
Water Treatment Plant	$ 8,673,642	$ -	$ 185,347	$ 8,488,295
	$ 8,673,642	$ -	$ 185,347	$ 8,488,295

16. Retirement Benefits

The majority of the employees of the Municipality are members of the Municipal Employees' Pension Plan (MEPP), which is 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 Chartered Professional Accountants of Canada Handbook section PS3250.

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, plus an additional 0.1% of earnings below and 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 the municipality on behalf of its employees was $120,437 ($133,465 in 2024) and are included in the 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 $16.325 million, making the plan 98.4% funded on a solvency basis. 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,

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, but solvency results are still monitored annually.

17. Segmented Information

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government
This relates to the revenues and expenses that relate to the operations of the Town itself and cannot be directly attributed to a specific segment.

Protective Services
Protection is comprised of fire protection, building inspection, emergency operations and animal control services. The fire department is comprised of paid on-call volunteers who provide fire suppression services, fire prevention programs, training and education. The fire department also responds to motor vehicle accidents. The building inspector inspects residential buildings for compliance with the Manitoba Building Code. Emergency operations include the emergency services coordinator as well as the emergency operations centres when required.

Transportation Services
Transportation services is responsible for snow clearing and cleaning streets. The department maintains boulevards and parks as well as maintenance. The department is also responsible for paying for utility costs for street lights.

Environmental Health
The Town operates a waste transfer station for waste disposal.

Public Health
The Town pays the Province of Manitoba an annual levy to administer social assistance to their residents. The Town also assists in the operation of numerous cemeteries.

Regional Planning and Development
The Town is responsible for final decisions on subdivision applications and for its Zoning By-Laws.

Recreation and Cultural Services
The Town provides services in order to improve the health and development of its citizens. Library services are provided by Boyne Regional Library.

Economic Development
The Town's economic development department is responsible for encouraging development within the Town.

Water and Sewer Services
This department maintains the water and sewer utility in the Town, processing and cleaning sewage and ensuring the water and sewer systems meet all provincial standards.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The revenues and expenses that are directly attributable to a particular segment are allocated to that segment.

18. Government Partnerships

The Town has entered into partnership agreements for municipal services as disclosed in Note 2a. The condensed supplementary financial information of all government partnerships, in aggregate, is as follows:

	2025	2024
Financial Position		
Total assets	**$ 3,978,682**	$ 3,631,606
Total liabilities	**$ 1,665,038**	$ 1,568,533
Accumulated surplus	**2,313,644**	2,063,073
	$ 3,978,682	$ 3,631,606
Results of Operations		
Revenue	**$ 1,032,127**	$ 1,036,277
Expenses	**781,556**	784,922
Annual surplus	**$ 250,571**	$ 251,355

Town of Carman

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year Ended December 31, 2025

SCHEDULE 1

	General Capital Assets					Infrastructure			Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Asset Under Construction	Roads, Streets, and Bridges	Water and Sewer	Assets Under Construction	2025	2024
COST										
Opening costs	$ 2,971,079	$ 6,441,437	$ 3,943,298	$ 761,854	$ 540,711	$ 10,618,910	$ 20,350,631	$ -	$ 45,627,920	$ 44,850,027
Additions during the year	385,184	-	150,938	19,829	44,870	536,454	140,617	-	1,277,892	2,053,952
Disposals, write downs and transfers	-	-	(40,165)	(334,514)	(385,184)	(484,776)	(5,940)	-	(1,250,579)	(1,276,059)
Transfers	-	-	-	-	-	-	-	-	-	-
Closing costs	3,356,263	6,441,437	4,054,071	447,169	200,397	10,670,588	20,485,308	-	45,655,233	45,627,920
ACCUMULATED AMORITIZATION										
Opening accum'd amortization	574,541	2,923,386	2,967,421	460,686	-	4,079,898	3,699,626	-	14,705,558	13,479,289
Amortization	44,184	114,887	195,056	33,927	-	368,446	416,784	-	1,173,284	1,229,802
Disposals and write downs	-	-	(39,065)	(334,514)	-	(484,776)	(5,827)	-	(864,182)	(3,533)
Closing accum'd amortization	618,725	3,038,273	3,123,412	160,099	-	3,963,568	4,110,583	-	15,014,660	14,705,558
Net Book Value of tangible capital assets	$ 2,737,538	$ 3,403,164	$ 930,659	$ 287,070	$ 200,397	$ 6,707,020	$ 16,374,725	$ -	$ 30,640,573	$ 30,922,362

Town of Carman **SCHEDULE 2**

CONSOLIDATED SCHEDULE OF REVENUES
Year Ended December 31, 2025

	2025 Actual	2024 Actual
GENERAL GOVERNMENT SERVICES		
Municipal taxes levied (Schedule 12)	**$ 4,322,482**	$ 4,096,508
Taxes added	**66,107**	44,095
	4,388,589	4,140,603
GRANTS IN LIEU OF TAXATION		
Federal government enterprises	**10,280**	7,692
Provincial government enterprises	**25,197**	33,081
	35,477	40,773
USER FEES		
Sales of service	**1,111,211**	1,051,470
Sales of goods	**11,096**	7,790
Rentals	**5,300**	5,300
Development charges	**10,423**	12,690
	1,138,030	1,077,250
GRANTS - PROVINCE OF MANITOBA		
General assistance payment	**902,867**	861,950
Conditional grants	**347,425**	650,170
	1,250,292	1,512,120
GRANTS - OTHER		
Federal government - gas tax funding	**185,709**	178,280
Federal government - other	**35,887**	104,905
Other local governments	**823,665**	971,416
	1,045,261	1,254,601
PERMITS, LICENSES, AND FINES		
Permits	**137,192**	97,646
Licenses	**129,844**	129,103
Fines	**100**	20
	267,136	226,769
INVESTMENT INCOME		
Cash and temporary investments	**103,704**	115,229
OTHER REVENUE		
Gain on sale of tangible capital assets	**7,150**	-
Penalties and interest	**24,562**	40,837
Miscellaneous	**36,832**	46,491
	68,544	87,328
WATER AND SEWER	**1,347,723**	1,323,301
CONSOLIDATED WATER CO-OPERATIVES	**613,459**	572,934
TOTAL REVENUE	**$ 10,258,215**	$ 10,350,908

Town of Carman **SCHEDULE 3**

CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2025

	2025 Actual	2024 Actual
GENERAL GOVERNMENT SERVICES		
Legislative	$ 148,695	$ 138,224
General administrative	517,701	423,369
Other	461,001	485,940
	1,127,397	1,047,533
PROTECTIVE SERVICES		
Police	601,173	535,681
Fire	463,107	462,047
Emergency measures	15,946	17,524
Other protection	-	8,264
	1,080,226	1,023,516
TRANSPORTATION SERVICES		
Road transport		
Administration and engineering	991,403	914,239
Engineering	(13,825)	(3,616)
Road and street maintenance	93,129	105,907
Sidewalk and boulevard maintenance	67,357	73,255
Street lighting	72,152	91,764
Other	488,825	479,557
Air transport	5,104	5,092
Public transit	20,000	20,001
	1,724,145	1,686,199
ENVIRONMENTAL HEALTH SERVICES		
Waste collection and disposal	385,503	375,058
Recycling	-	-
Other	105,005	110,122
	490,508	485,180
PUBLIC HEALTH AND WELFARE SERVICES		
Public health	71,625	82,253
Medical care	287,277	250,346
Social assistance	3,579	3,580
	362,481	336,179
REGIONAL PLANNING AND DEVELOPMENT		
Urban area weed control	-	-
Other	171,267	233,902
	171,267	233,902
Resource Conservation and Industrial Development		
Water resources and conservation	3,019	3,019
Regional development	-	337,296
	3,019	340,315
SUB-TOTALS FORWARD	$ 4,959,043	$ 5,152,824

Town of Carman **SCHEDULE 3**

CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2025

	2025 Actual	2024 Actual
SUB-TOTALS FORWARD	**$ 4,959,043**	$ 5,152,824
RECREATION AND CULTURAL SERVICES		
Administration	**796,032**	769,465
Community centers and halls	**547,389**	824,264
Swimming pools and beaches	**90,044**	127,967
Golf courses	**-**	-
Skating rinks	**-**	-
Parks and playgrounds	**44,418**	71,673
Other recreational facilities	**32,076**	23,007
Museums	**6,500**	6,400
Libraries	**209,356**	238,317
Other cultural facilities	**299,772**	271,164
	2,025,587	2,332,257
WATER AND SEWER SERVICES (SCHEDULE 9)	**1,801,832**	1,712,473
CONSOLIDATED WATER CO-OPERATIVES	**376,781**	369,388
TOTAL EXPENSES	**$ 9,163,243**	$ 9,566,942

Town of Carman **SCHEDULE 4**

SCHEDULE OF L.U.D. OPERATIONS
Year Ended December 31, 2025

	2025 Budget	2025 Actual	2024 Actual
GENERAL GOVERNMENT SERVICES			
Taxation	$ -	$ -	$ -
Other revenue	-	-	-
Total revenue	-	-	-
EXPENSES			
General Government:			
Indemnities	-	-	-
Transportation Services			
Road and street maintenance	-	-	-
Bridge maintenance	-	-	-
Ditches and road drainage	-	-	-
Snow and ice removal	-	-	-
Sidewalk and boulevard maintenance	-	-	-
Street lighting	-	-	-
Other	-	-	-
Environmental health			
Waste collection and disposal	-	-	-
Recycling	-	-	-
Other	-	-	-
Regional planning and development			
Planning and zoning	-	-	-
Urban renewal	-	-	-
Beautification and land rehabilitation	-	-	-
Urban area weed control	-	-	-
Other	-	-	-
Recreation and cultural services			
Community centers and halls	-	-	-
Swimming pools and beaches	-	-	-
Golf courses	-	-	-
Skating and curling rinks	-	-	-
Parks and playgrounds	-	-	-
Other recreational facilities	-	-	-
Museums	-	-	-
Libraries	-	-	-
Other cultural facilities	-	-	-
TOTAL EXPENSES	-	-	-
NET REVENUES (EXPENSES)	-	-	-
TRANSFERS:			
Transfers from (to) L.U.D. reserves	-	-	-
Transfers from (to) operating fund	-	-	-
Other - Transfer to capital	-	-	-
CHANGE IN L.U.D. BALANCES	$ -	-	-
UNEXPENDED BALANCE, BEGINNING OF YEAR		-	-
UNEXPECTED BALANCE, END OF YEAR		$ -	$ -

Town of Carman **SCHEDULE 5**

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2025

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
REVENUE										
Property taxes	**$ 4,044,185**	$ 3,796,199	**$ -**	$ -	**$ -**	$ -	**$ -**	$ -	**$ -**	$ -
Grants in lieu of taxation	**35,477**	40,773	**-**	-	**-**	-	**-**	-	**-**	-
User fees	**14,057**	14,683	**64,372**	30,277	**2,393**	2,137	**177,584**	164,677	**349,914**	320,682
Prov of MB - Unconditional Grants	**902,867**	861,950	**-**	-	**-**	-	**-**	-	**-**	-
Prov of MB - Conditional Grants	**278,048**	548,690	**-**	-	**-**	-	**-**	-	**17,417**	18,504
Grants - other	**197,199**	248,813	**232,079**	241,372	**-**	-	**-**	143,469	**-**	-
Permits, licenses and fines	**267,136**	226,769	**-**	-	**-**	-	**-**	-	**-**	-
Investment income	**70,064**	66,542	**5,563**	3,677	**5,311**	7,335	**-**	-	**3,552**	6,222
Other revenue	**70,004**	58,566	**2,949**	15,125	**-**	1	**-**	-	**(44,857)**	(5,704)
Water and sewer	-	-	-	-	-	-	-	-	-	-
Total revenue	**5,879,037**	5,862,985	**304,963**	290,451	**7,704**	9,473	**177,584**	308,146	**326,026**	339,704
EXPENSES										
Personnel services	**551,329**	504,929	**672,664**	621,233	**715,380**	698,031	**20,971**	20,779	**-**	-
Contract services	**259,332**	214,772	**199,051**	191,187	**63,789**	50,642	**434,462**	429,866	**246,543**	222,339
Utilities	**(46,563)**	(45,108)	**33,150**	16,198	**85,110**	107,869	**9,715**	3,896	**6,565**	7,204
Maintenance materials and supplies	**6,660**	4,845	**131,991**	102,801	**367,659**	348,001	**6,209**	9,776	**15,772**	19,864
Grants and contributions	**137,633**	135,792	**-**	-	**-**	-	**-**	-	**2,000**	1,200
Amortization	**2,339**	5,875	**38,591**	84,179	**488,825**	479,557	**19,150**	20,737	**16,413**	33,097
Interest on long-term debt	**38,623**	45,098	**-**	-	**-**	-	**-**	-	**-**	-
Bad debt	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Other	**178,044**	181,329	**4,779**	7,918	**3,382**	2,099	**1**	126	**75,188**	52,475
Total expenses	**1,127,397**	1,047,532	**1,080,226**	1,023,516	**1,724,145**	1,686,199	**490,508**	485,180	**362,481**	336,179
Surplus (Deficit)	**$ 4,751,640**	$ 4,815,453	**$ (775,263)**	$ (733,065)	**$ (1,716,441)**	$ (1,676,726)	**$ (312,924)**	$ (177,034)	**$ (36,455)**	$ 3,525

* The general government category includes revenues and expenses that cannot be attributed to a particular sector.

Town of Carman **SCHEDULE 5**

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM CONT'

Year Ended December 31, 2025

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Water and Sewer Services		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
REVENUE										
Property taxes	**$ -**	$ -	**$ -**	$ -	**$ -**	$ -	**$ 344,404**	$ 344,404	**$ 4,388,589**	$ 4,140,603
Grants in lieu of taxation	**-**	-	**-**	-	**-**	-	**-**	-	**35,477**	40,773
User fees	**-**	-	**4,800**	4,800	**524,910**	539,994	**-**	-	**1,138,030**	1,077,250
Prov of MB - Unconditional Grants	**-**	-	**-**	-	**-**	-	**-**	-	**902,867**	861,950
Prov of MB - Conditional Grants	**9,500**	41,313	**-**	-	**42,460**	41,663	**-**	-	**347,425**	650,170
Grants - other	**26,819**	86,680	**507,341**	443,698	**81,823**	90,569	**-**	-	**1,045,261**	1,254,601
Permits, licenses and fines	**-**	-	**-**	-	**-**	-	**-**	-	**267,136**	226,769
Investment income	**1,704**	2,689	**-**	-	**4,017**	13,460	**13,493**	15,304	**103,704**	115,229
Other revenue	**-**	-	**-**	-	**40,448**	19,340	**-**	-	**68,544**	87,329
Water and sewer	**-**	-	**-**	-	**-**	-	**1,961,182**	1,896,235	**1,961,182**	1,896,235
Total revenue	**38,023**	130,682	**512,141**	448,498	**693,658**	705,026	**2,319,079**	2,255,943	**10,258,215**	10,350,908
EXPENSES										
Personnel services	**75,097**	91,355	**-**	47,924	**986,861**	928,366	**221,430**	224,873	**3,243,732**	3,137,490
Contract services	**65,155**	67,481	**3,019**	36,841	**52,117**	65,454	**912,487**	847,734	**2,235,955**	2,126,316
Utilities	**-**	-	**-**	50	**165,593**	259,692	**55,557**	66,264	**309,127**	416,065
Maintenance materials and supplies	**8,161**	2,452	**-**	-	**249,085**	550,343	**159,160**	172,463	**944,697**	1,210,545
Grants and contributions	**-**	-	**-**	255,500	**95,989**	78,518	**76,940**	-	**312,562**	471,010
Amortization	**-**	-	**-**	-	**191,846**	197,640	**416,784**	409,480	**1,173,948**	1,230,565
Interest on long-term debt	**-**	-	**-**	-	**-**	-	**189,260**	197,079	**227,883**	242,177
Bad debt	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Other	**22,854**	72,614	**-**	-	**284,096**	252,244	**146,995**	163,969	**715,339**	732,774
TOTAL EXPENSES	**171,267**	233,902	**3,019**	340,315	**2,025,587**	2,332,257	**2,178,613**	2,081,862	**9,163,243**	9,566,942
SURPLUS (DEFICIT)	**$ (133,244)**	$ (103,220)	**$ 509,122**	$ 108,183	**$ (1,331,929)**	$ (1,627,231)	**$ 140,466**	$ 174,081	**$ 1,094,972**	$ 783,966

Town of Carman **SCHEDULE 6**

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

Year Ended December 31, 2025

	Core Government		**Government Partnerships**		**Total**	
	2025	2024	**2025**	2024	**2025**	2024
REVENUE						
Property taxes	**$ 4,388,589**	$ 4,140,603	**$ -**	$ -	**$ 4,388,589**	$ 4,140,603
Grants in lieu of taxation	**35,477**	40,773	**-**	-	**35,477**	40,773
User fees	**784,838**	756,809	**353,192**	320,441	**1,138,030**	1,077,250
Prov of MB - Unconditional Grants	**902,867**	861,950	**-**	-	**902,867**	861,950
Prov of MB - Conditional Grants	**304,965**	608,507	**42,460**	41,663	**347,425**	650,170
Grants - other	**963,438**	1,164,032	**81,823**	90,569	**1,045,261**	1,254,601
Permits, licenses and fines	**267,136**	226,769	**-**	-	**267,136**	226,769
Investment income	**102,577**	112,528	**1,127**	2,701	**103,704**	115,229
Other revenue	**128,478**	79,359	**(59,934)**	7,969	**68,544**	87,328
Water and sewer	**1,347,723**	1,323,301	**613,459**	572,934	**1,961,182**	1,896,235
Total revenue	**9,226,088**	9,314,631	**1,032,127**	1,036,277	**10,258,215**	10,350,908
EXPENSES						
Personnel services	**3,105,411**	2,999,801	**138,321**	137,689	**3,243,732**	3,137,490
Contract services	**1,962,562**	1,879,450	**273,393**	246,866	**2,235,955**	2,126,316
Utilities	**267,209**	373,840	**41,918**	42,225	**309,127**	416,065
Maintenance materials and supplies	**812,099**	1,063,329	**132,598**	147,216	**944,697**	1,210,545
Grants and contributions	**312,562**	471,010	**-**	-	**312,562**	471,010
Amortization	**1,072,710**	1,136,631	**101,238**	93,934	**1,173,948**	1,230,565
Interest on long-term debt	**190,003**	206,206	**37,880**	35,971	**227,883**	242,177
Other	**659,131**	651,755	**56,208**	81,019	**715,339**	732,774
TOTAL EXPENSES	**8,381,687**	8,782,022	**781,556**	784,920	**9,163,243**	9,566,942
SURPLUS	**$ 844,401**	$ 532,609	**$ 250,571**	$ 251,357	**$ 1,094,972**	$ 783,966

Town of Carman **SCHEDULE 7**

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
Year Ended December 31, 2025

	2025 General	Equipment Reserve	Storm Sewer	Industrial Park	Fire Reserve	Gas Tax Reserve	Memorial Hall Reserve	Greenwood Reserve	Community Hall Reserve	Recreation Reserve	Utility Reserve	Water Reservoir Reserve	CDPD Reserve	Total	2024 Total
REVENUE															
Investment income	$ 6,930	$ 5,291	$ 1,416	$ 1,704	$ 5,563	$ 20	$ 490	$ 2,631	$ 85	$ 3,236	$ 12,077	$ -	$ -	$ 39,443	$ 58,958
Other income	-	-	-	-	2,949	-	-	-	-	-	-	-	-	2,949	15,125
Total revenue	6,930	5,291	1,416	1,704	8,512	20	490	2,631	85	3,236	12,077	-	-	42,392	74,083
EXPENSES															
Investment charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET REVENUES	6,930	5,291	1,416	1,704	8,512	20	490	2,631	85	3,236	12,077	-	-	42,392	74,083
TRANSFERS															
Transfers from (to) operating fund	10,000	(40,000)	20,000	-	100,000	-	(21,205)	(14,204)	(374)	-	-	-	-	54,217	(18,547)
Transfers from (to) utility fund	-	-	-	-	-	-	-	-	-	-	25,000	-	-	25,000	35,000
Acquisition of tangible capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(236,250)
CHANGE IN RESERVE FUND BALANCES	16,930	(34,709)	21,416	1,704	108,512	20	(20,715)	(11,573)	(289)	3,236	37,077	-	-	121,609	(145,714)
FUND SURPLUS, BEGINNING OF YEAR	445,993	122,755	45,847	156,596	147,593	681	20,715	90,372	289	129,725	367,216	(36)	-	1,527,746	1,673,460
FUND SURPLUS, END OF YEAR	$ 462,923	$ 88,046	$ 67,263	$ 158,300	$ 256,105	$ 701	$ -	$ 78,799	$ -	$ 132,961	$ 404,293	$ (36)	$ -	$ 1,649,355	$ 1,527,746

Town of Carman **SCHEDULE 8**

SCHEDULE OF FINANCIAL POSITION FOR UTILITIES
As at December 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash and temporary investments	$ 100	$ 100
Amounts receivable	310,490	292,885
Due from other funds	151,243	184,787
	461,833	477,772
LIABILITIES		
Accounts payable and accrued liabilities	100	3,856
Long-term debt (Note 9)	2,681,335	2,874,359
Due to other funds	-	-
	2,681,435	2,878,215
NET DEBT	(2,219,602)	(2,400,443)
NON-FINANCIAL ASSETS		
Tangible capital assets	13,533,153	13,848,699
Inventories	36,885	36,885
	13,570,038	13,885,584
FUND SURPLUS	$ 11,350,436	$ 11,485,141

Town of Carman **SCHEDULE 9**

SCHEDULE OF UTILITY OPERATIONS
Year Ended December 31, 2025

	2025 Budget	2025 Actual	2024 Actual
REVENUE			
Water			
Water fees	$ 1,130,748	$ 1,132,548	$ 1,111,958
SEWER			
Sewer fees	187,464	189,103	184,269
PROPERTY TAXES	344,404	344,404	344,404
OTHER			
Hydrant rentals	15,000	15,000	15,000
Connection charges	20,000	1,498	4,850
Penalties	6,000	5,404	5,902
Other income	2,000	4,170	1,322
sub-total- other	43,000	26,072	27,074
TOTAL REVENUE	1,705,616	1,692,127	1,667,705
EXPENSES			
GENERAL			
Administration	58,089	52,583	56,930
WATER GENERAL			
Purification and treatment	133,434	127,039	141,980
Transmission and distribution	190,884	200,334	175,170
Water purchases	790,005	847,971	769,908
Connection costs	20,000	11,057	26,519
sub-total- water general	1,134,323	1,186,401	1,113,577
WATER AMORITIZATION & INTEREST			
Amortization	315,546	315,546	315,546
Interest on long term debt	151,380	151,380	161,108
sub-total- water amortization & interest	466,926	466,926	476,654
SEWER GENERAL			
Collection system costs	94,200	16,431	13,345
Treatment and disposal cost	10,350	47,915	-
Lift Station costs	39,250	31,576	51,967
sub-total- sewer general	143,800	95,922	65,312
OTHER			
Loss on disposal of capital assets	-	-	-
TOTAL EXPENSES	1,803,138	1,801,832	1,712,473
NET REVENUES	(97,522)	(109,705)	(44,768)
TRANSFERS			
Transfers from (to) operating fund	-	-	-
Transfers from (to) reserve funds	(25,000)	(25,000)	(35,000)
CHANGE IN UTILITY FUND BALANCE	$ (122,522)	(134,705)	(79,768)
FUND SURPLUS, BEGINNING OF YEAR		11,485,141	11,564,909
FUND SURPLUS, END OF YEAR		$ 11,350,436	$11,485,141

TOWN OF CARMAN **SCHEDULE 10**

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
Year Ended December 31, 2025

	Financial Plan General	Financial Plan Utility(ies)	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Consolidated Entities	PSAB Budget
REVENUE								
Property taxes	$ 4,227,808	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,227,808
Grants in lieu of taxation	137,988	-	-	-	-	-	-	137,988
User fees	807,375	-	-	-	-	-	353,192	1,160,567
Grants - Province of Manitoba	1,176,940	-	-	-	-	-	42,460	1,219,400
Grants - other	988,777	-	-	-	-	-	81,823	1,070,600
Permits, licenses and fines	245,395	41,000	-	-	-	-	-	286,395
Investment income	50,000	-	-	-	-	-	1,127	51,127
Other revenue	85,100	346,404	-	-	-	-	(59,934)	371,570
Water and sewer	-	1,318,212	-	-	-	-	613,459	1,931,671
Transfers from accumulated surplus	-	-	-	-	-	-		-
Transfers from reserves	-	-	-	-	-	-	-	-
Total revenue	7,719,383	1,705,616	-	-	-	-	1,032,127	10,457,126
EXPENSES								
General government services	1,153,948	-	2,339	38,623	-	-	-	1,194,910
Protective services	992,337	-	38,591	-	-	-	-	1,030,928
Transportation services	1,757,181	-	488,825	-	-	-	-	2,246,006
Environmental health services	488,780	-	19,150	-	-	-	-	507,930
Public health and welfare services	57,920	-	16,413	-	-	-	287,277	361,610
Regional planning and development	192,321	-	-	-	-	-	-	192,321
Resource cons and industrial dev	-	-	-	-	-	-	-	-
Recreation and cultural services	1,790,396	-	191,846	-	-	-	117,497	2,099,739
Water and sewer services	-	1,336,212	315,546	151,380	-	-	376,781	2,179,919
Fiscal services:					-		-	
Transfer to capital	530,604	-	-	-	(530,604)	-	-	-
Transfer to utility	344,404	-	-	-	(344,404)	-	-	-
Debt charges	209,286	344,404	-	-	(553,690)	-	-	-
Short term interest	-	-	-	-	-	-	-	-
Transfer to deferred surplus	-	-	-	-	-	-	-	-
Transfer to reserves	202,181	25,000	-	-	(35,000)	-	-	192,181
Allowance for tax assets	25	-	-	-	(25)	-	-	-
TOTAL EXPENSES	7,719,383	1,705,616	1,072,710	190,003	(1,463,723)	-	781,555	10,005,544
SURPLUS (DEFICIT)	$ (0)	$ -	$ (1,072,710)	$ (190,003)	$ 1,463,723	$ -	$ 250,572	$ 451,582

Town of Carman
ANALYSIS OF TAXES ON ROLL
Year Ended December 31, 2025

SCHEDULE 11

	2025	2024
BALANCE, BEGINNING OF YEAR	**$ 329,957**	$ 317,013
ADD:		
Tax levy (Schedule 12)	**6,409,286**	5,939,110
Taxes added	**58,688**	41,972
Penalties or interest	**24,562**	37,005
Tax Adjustments (specify)	**7,420**	2,124
SUB-TOTAL	**6,499,956**	6,020,211
DEDUCT:		
Cash collections - current	**4,763,318**	4,308,410
Cash collections - arrears	**726,222**	664,818
Writeoffs	**-**	-
M.P.T.C. - cash advance	**1,113,700**	323,831
Other credits - M.P.T.C. adjustment	**2,606**	710,208
SUB-TOTAL	**6,605,846**	6,007,267
BALANCE, END OF YEAR	**$ 224,067**	$ 329,957

Town of Carman

SCHEDULE 12

ANALYSIS OF TAX LEVY
Year Ended December 31, 2025

	2025			2024
	Assessment	**Mill Rate**	**Levy**	Levy
DEBT CHANGES:				
General Debenture	**-**	**0.000%**	**$ -**	$ -
Sewer Forcemain	**226,139,650**	**1.265%**	**286,067**	285,834
Water Plant Upgrade	**226,139,650**	**0.237%**	**53,595**	53,556
Transfer Station	**-**	**0.000%**	**-**	42,323
Arena	**226,139,650**	**0.217%**	**49,072**	49,143
Memorial Hall	**226,139,650**	**0.381%**	**86,159**	86,252
Personal Care Home	**226,139,650**	**0.314%**	**71,008**	70,807
DEFERRED SURPLUS				
RESERVES:				
Machinery Replacement	**274,000**	**1000.000%**	**274,000**	-
GENERAL MUNICIPAL:				
At large	**202,943,780**	**17.232%**	**3,497,127**	3,502,902
Business Tax Fees	**-**	**0.000%**	**5,454**	5,691
TOTAL MUNICIPAL TAXES (SCHEDULE 2)			**4,322,482**	4,096,508
Education support levy	**31,860,810**	**7.117%**	**226,753**	236,595
SPECIAL LEVIES:				
Special - Prairie Rose	**182,322,150**	**10.202%**	**1,860,051**	1,606,007
TOTAL EDUCATION TAXES			**2,086,804**	1,842,602
TOTAL TAX LEVY (SCHEDULE 11)			**$ 6,409,286**	$ 5,939,110

Town of Carman **SCHEDULE 13**

SCHEDULE OF GENERAL OPERATING FUND EXPENSES
Year Ended December 31, 2025

	2025 Actual	2024 Actual
GENERAL GOVERNMENT SERVICES		
Legislative	**$ 148,695**	$ 138,224
General administrative	**517,701**	423,369
Other	**461,001**	485,938
	1,127,397	1,047,531
PROTECTIVE SERVICES		
Police	**601,173**	535,681
Fire	**463,107**	462,047
Emergency measures	**15,946**	17,524
Other protection	**-**	8,264
	1,080,226	1,023,516
TRANSPORTATION SERVICES		
Road transport		
Administration and engineering	**991,403**	914,239
Engineering	**(13,825)**	(3,616)
Road and street maintenance	**93,129**	105,907
Sidewalk and boulevard maintenance	**67,357**	73,255
Street lighting	**72,152**	91,764
Other	**488,825**	479,557
Air transport	**5,104**	5,092
Public transit	**20,000**	20,000
	1,724,145	1,686,198
ENVIRONMENTAL HEALTH SERVICES		
Waste collection and disposal	**385,503**	375,058
Recycling	**-**	-
Other	**105,005**	110,122
	490,508	485,180
PUBLIC HEALTH AND WELFARE SERVICES		
Public health	**71,625**	82,253
Medical care	**-**	-
Social assistance	**3,579**	3,579
	75,204	85,832
REGIONAL PLANNING AND DEVELOPMENT		
Urban area weed control	**-**	-
Other	**171,266**	233,901
	171,266	233,901
RESOURCE CONSERVATION AND INDUSTRIAL DEVELOPMENT		
Water resources and conservation	**3,019**	3,019
Regional development	**-**	337,296
	3,019	340,315
RECREATION AND CULTURAL SERVICES		
Administration	**796,032**	769,465
Community centers and halls	**547,389**	824,264
Swimming pools and beaches	**90,044**	127,967
Skating and curling rinks	**-**	-
Parks and playgrounds	**44,418**	71,673
Other recreational facilities	**32,076**	23,007
Museums	**6,500**	6,400
Libraries	**91,859**	73,129
Other cultural facilities	**299,772**	271,168
	1,908,090	2,167,073
TOTAL EXPENSES	**$ 6,579,855**	$ 7,069,546

Town of Carman
RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)
December 31, 2025

SCHEDULE 14
(Unaudited)

	General	Utility	2025 Total	2024 Total
MUNICIPAL NET SURPLUS UNDER THE MUNICIPAL ACT	**$ 662,756**	**$ (12,183)**	**$ 650,573**	$ 226,434
Adjustments for Reporting Under Public Sector Accounting Standards				
Eliminate expense - transfers to reserves	**150,000**	**25,000**	**175,000**	16,453
Eliminate revenue - transfers from reserves	**(95,783)**	**-**	**(95,783)**	(236,250)
Increase revenue - reserve funds interest and other revenue	**42,392**	**-**	**42,392**	74,083
Increase (decrease) revenue - Net surplus of controlled entities	**250,571**	**-**	**250,571**	251,355
Increase expense - amortization of tangible capital assets	**(756,498)**	**(315,546)**	**(1,072,044)**	(1,135,968)
Decrease expense - principal portion of debenture debt (net of new debt)	**200,249**	**193,024**	**393,273**	403,075
Net book value of disposed tangible capital assets	**(8,250)**	**-**	**(8,250)**	-
Eliminate expense - acquisitions of tangible capital assets	**752,090**	**-**	**752,090**	641,332
Transfer from capital	**-**	**-**	**-**	517,500
Investment in own funds - paydown of debt	**-**	**-**	**-**	13,499
Increase revenue - gain on sale of tangible capital assets	**7,150**	**-**	**7,150**	12,453
NET SURPLUS PER CONSOLIDATED STATEMENT OF OPERATIONS	**$ 1,204,677**	**$ (109,705)**	**$ 1,094,972**	$ 783,966