RURAL MUNICIPALITY OF THE GAP #39

FINANCIAL STATEMENTS

For the year ended December 31, 2025

RURAL MUNICIPALITY OF THE GAP #39
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STATEMENT OF RESPONSIBILITY

To the Ratepayers of the Rural Municipality of The Gap #39:

The Municipality's management is responsible for the preparation and presentation of the accompanying financial statements in accordance with Canadian public sector accounting standards (PSAS). The preparation of the financial statements necessarily includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgments and estimates by management are required.

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

The Council is composed of elected officials who are not employees of the Municipality. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfills these responsibilities by reviewing the financial information prepared by administration and discussing relevant matters with external auditors. The Council is also responsible for recommending the appointment of the Municipality's external auditors.

Sensus Chartered Professional Accountants Ltd., as the Municipality's appointed external auditors, have audited the financial statements. The Auditor's Report is addressed to Council and appears on the following page. The external auditors have full and free access to, and meet periodically and separately with, both the Council and administration to discuss their audit findings.

Reeve

Administrator

INDEPENDENT AUDITOR'S REPORT

To the Reeve and Council of:
Rural Municipality of The Gap #39
Ceylon, Saskatchewan

Qualified Opinion

We have audited the financial statements of the Rural Municipality of The Gap #39, which comprise the statement of financial position as at December 31, 2025, the statement of operations, the statement of changes in net financial assets, the statement of cash flows, the statement of remeasurement gains (losses) for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis of Qualified Opinion paragraphs, the accompanying financial statements present fairly, in all material respects, the financial position of the Rural Municipality of The Gap #39 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 Qualified Opinion

The Public Sector Accounting Board has introduced section PS 3280 which is a standard establishing guidance on the accounting and reporting on the retirement of tangible capital assets controlled by the Rural Municipality of The Gap #39. The Rural Municipality of The Gap #39 has not provided a reasonable estimate for the asset retirement costs associated with their water wells, or buildings containing asbestos and lead paint or piping, to determine the asset retirement obligation. As such, we have qualified our audit opinion due to the departure from Canadian public sector accounting standards. The effects of this departure on the financial statements for the year ended December 31, 2025 and December 31, 2024, have not been determined, as there is insufficient information available to do so.

The Rural Municipality of The Gap #39 is a part of a government partnership being the Ceylon Regional Park for which it has not reported in the financial statements of the Municipality. This constitutes a departure from Canadian public sector accounting standards, which require the consolidation of government partnerships. The impact of this departure from Canadian public accounting standards has not been determined on the statement of financial position, the statement of operations, the statement of changes in net financial assets, the statement of cash flows, the statement of remeasurement gains (losses) for the year ended December 31, 2025. Our opinion on the financial statements for the year ended December 31, 2024 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Rural Municipality of The Gap #39 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we 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 qualified opinion.

Other Matters

Our audit opinion does not extend to the budgeted figures presented by Council.

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

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

In preparing the financial statements, management is responsible for assessing the Rural Municipality of The Gap #39'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 Rural Municipality of The Gap #39 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Rural Municipality of The Gap #39's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rural Municipality of The Gap #39'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 Rural Municipality of The Gap #39'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 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 Rural Municipality of The Gap #39 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Sensus

Yorkton, Saskatchewan
May 19, 2026

Chartered Professional Accountants Ltd.

RURAL MUNICIPALITY OF THE GAP #39
STATEMENT 1 - STATEMENT OF FINANCIAL POSITION
As at December 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash	**$ 856,078**	$ 717,939
Investments (Note 2)	**950,000**	1,400,000
Taxes receivable - municipal (Note 3)	**9,240**	3,076
Other accounts receivable (Note 4)	**38,422**	62,816
Long-term receivables (Note 6)	**51,176**	45,563
TOTAL FINANCIAL ASSETS	**1,904,916**	2,229,394
LIABILITIES		
Accounts payable and accrued liabilities	**22,548**	260,616
Deposits	**291**	1,148
Deferred revenue (Note 7)	**566**	11,300
TOTAL LIABILITIES	**23,405**	273,064
NET FINANCIAL ASSETS	**1,881,511**	1,956,330
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedules 6 and 7)	**2,549,175**	2,388,482
Assets held for sale (Note 5)	**1,569**	1,569
Inventories	**489,338**	482,195
Prepaid expenses	**9,016**	6,623
TOTAL NON-FINANCIAL ASSETS	**3,049,098**	2,878,869
ACCUMULATED SURPLUS	**$ 4,930,609**	$ 4,835,199
Accumulated surplus is comprised of:		
Accumulated surplus excluding remeasurement gains (losses) (Schedule 10)	**$ 4,930,609**	$ 4,835,199
Accumulated remeasurement gains (losses) (Statement 5)		
	$ 4,930,609	$ 4,835,199

CONTINGENCIES (Note 9)

RURAL MUNICIPALITY OF THE GAP #39
STATEMENT 2 - STATEMENT OF OPERATIONS
For the year ended December 31, 2025

	2025 Budget Unaudited (Note 1)	2025 Actual	2024 Actual
REVENUE			
Taxes revenue (Schedule 1)	$ **769,197**	$ **769,605**	$ 715,800
Other unconditional revenue (Schedule 1)	**229,516**	**230,194**	215,501
Fees and charges (Schedules 4 and 5)	**142,625**	**160,679**	172,517
Conditional grants (Schedules 4 and 5)	**88,004**	**41,178**	87,613
Tangible capital asset sales - gain (loss) (Schedules 4 and 5)	**38,075**	**50,684**	
Investment income (Schedules 4 and 5)	**51,300**	**55,512**	100,671
Other revenues (Schedules 4 and 5)	**2,000**	**8,796**	6,182
Provincial/Federal capital grants and contributions (Schedules 4 and 5)	**11,512**	**22,506**	11,411
	1,332,229	**1,339,154**	1,309,695
EXPENSES			
General government services (Schedule 3)	**234,965**	**225,443**	225,990
Protective services (Schedule 3)	**21,862**	**13,338**	15,678
Transportation services (Schedule 3)	**821,692**	**921,210**	684,876
Environmental and public health services (Schedule 3)	**112,839**	**61,283**	108,780
Planning and development services (Schedule 3)	**10,600**	**6,495**	6,424
Recreation and cultural services (Schedule 3)	**17,370**	**14,370**	19,200
Utility services (Schedule 3)	**2,150**	**1,605**	1,671
	1,221,478	**1,243,744**	1,062,619
ANNUAL SURPLUS	**110,751**	**95,410**	247,076
ACCUMULATED SURPLUS EXCLUDING REMEASUREMENT GAINS (LOSSES), BEGINNING OF YEAR	**4,835,199**	**4,835,199**	4,588,123
ACCUMULATED SURPLUS EXCLUDING REMEASUREMENT GAINS (LOSSES), END OF YEAR	$ **4,945,950**	$ **4,930,609**	$ 4,835,199

RURAL MUNICIPALITY OF THE GAP #39
STATEMENT 3 - STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2025

	2025 Budget Unaudited (Note 1)	2025 Actual	2024 Actual
ANNUAL SURPLUS	**$ 110,751**	**$ 95,410**	$ 247,076
Acquisition of tangible capital assets		**(443,767)**	(678,682)
Amortization of tangible capital assets	**149,137**	**146,258**	132,931
Gain on sale of tangible capital assets		**(50,684)**	
Proceeds on sale of tangible capital assets		**187,500**	6,621
Increase in inventories		**(7,143)**	(219,027)
Increase in prepaid expenses		**(2,393)**	(547)
	149,137	**(170,229)**	(758,704)
CHANGE IN NET FINANCIAL ASSETS	**$ 259,888**	**(74,819)**	(511,628)
NET FINANCIAL ASSETS, BEGINNING OF YEAR		**1,956,330**	2,467,958
NET FINANCIAL ASSETS, END OF YEAR		**$ 1,881,511**	$ 1,956,330

RURAL MUNICIPALITY OF THE GAP #39
STATEMENT 4 - STATEMENT OF CASH FLOWS
For the year ended December 31, 2025

	2025	2024
OPERATING TRANSACTIONS		
Annual surplus	**$ 95,410**	$ 247,076
Changes in non-cash items:		
Taxes receivable - municipal	**(6,164)**	(1,541)
Other accounts receivable	**24,394**	11,213
Inventories	**(7,143)**	(219,027)
Prepaid expenses	**(2,393)**	(547)
Accounts payable and accrued liabilities	**(238,068)**	231,485
Deferred revenue	**(10,734)**	568
Deposits	**(857)**	1,148
(Gain) loss on sale of tangible capital assets	**(50,684)**	
Amortization of tangible capital assets	**146,258**	132,931
Cash provided by operating transactions	**(49,981)**	403,306
CAPITAL TRANSACTIONS		
Proceeds from the disposal of tangible capital assets	**187,500**	6,621
Acquisition of tangible capital assets	**(443,767)**	(678,682)
Cash applied to capital transactions	**(256,267)**	(672,061)
INVESTING TRANSACTIONS		
Proceeds on disposal of investments	**450,000**	600,000
Decrease in long-term receivables	**(5,613)**	(4,686)
Cash provided by investing transactions	**444,387**	595,314
CHANGE IN CASH	**138,139**	326,559
CASH, BEGINNING OF YEAR	**717,939**	391,380
CASH, END OF YEAR	**$ 856,078**	$ 717,939

RURAL MUNICIPALITY OF THE GAP #39
STATEMENT 5 - STATEMENT OF REMEASUREMENT GAINS (LOSSES)
For the year ended December 31, 2025

	2025 Actual	2024 Actual
ACCUMULATED REMEASUREMENT GAINS (LOSSES), BEGINNING OF YEAR	$	$
Unrealized gains (losses) attributable to:		
Derivatives		
Equity instruments measured at fair value		
Foreign exchange		
Amounts reclassified to the statement of operations:		
Derivatives		
Equity instruments measured at fair value		
Reversal of net remeasurements of portfolio investments		
Foreign exchange		
NET REMEASUREMENT GAINS (LOSSES) FOR THE YEAR		
ACCUMULATED REMEASUREMENT GAINS (LOSSES), END OF YEAR	$	$

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Municipality are prepared by management in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Chartered Professional Accountants of Canada (CPA Canada). Significant aspects of the accounting policies are as follows:

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

Reporting Entity

The financial statements consolidates the assets, liabilities, and flow of resources of the Municipality. The entity is comprised of all of the organizations that are owned or controlled by the Municipality and are, therefore, accountable to Council for the administration of their financial affairs and resources. Entities included in these financial statements are as follows:

Ceylon Regional Park

All inter-organizational transactions and balances have been eliminated.

Partnerships

A partnership represents a contractual arrangement between the Municipality and a party or parties outside the reporting entity. The partners have significant, clearly defined common goals, make a financial investment in the partnership, share control of decision making, and share, on an equitable basis, the significant risks and benefits associated with the operations of the partnership. These financial statements do not contain any partnerships.

Collection of Funds for Other Authorities

Collection of funds by the Municipality for the school board, municipal hail, and conservation and development authorities are collected and remitted in accordance with relevant legislation. The amounts collected are disclosed in Note 3.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. Government transfers are recognized as revenue in the period that the events giving rise to the transfer occur, providing:

a) the transfers are authorized,
b) any eligibility criteria have been met; and
c) reasonable estimates of the amounts can be made.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Transfers (continued)

Unearned government transfer amounts received but not earned will be recorded as deferred revenue until eligibility criteria or stipulations are met. Earned government transfer amounts not received will be recorded as an amount receivable. Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligible criteria have been met.

Other (Non-Government Transfer) Contributions

Unrestricted contributions are recognized as revenue in the year received or in the year the funds are committed to the Municipality if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are contributions for which the contributor has placed restrictions on the use of the resources. Externally restricted contributions are deferred until the resources are used for the purpose specified, at which time the contributions are recognized as revenue. In-kind contributions are recorded at their fair value when they are received.

Revenue

Revenue from Transactions with No Performance Obligations:

Revenue is recognized for the following sources of revenue from transactions with no performance obligations:

- Tax revenue: Tax revenue is recognized when the underlying tax event occurs, which is typically when the tax is assessed or becomes due, regardless of when payment is received. These are generally recurring in nature.

- Other unconditional revenue: Unconditional revenue is recognized when it is earned and no further obligations are required. This may include certain grants or contributions that do not require a specific performance or future condition. This is considered non-recurring or recurring, depending on the nature of the revenue source.

- Fees and charges: Fees and charges for services are recognized when the service is rendered or when the related activity is performed. These are generally recurring in nature.

- Investment income: Investment income is recognized when earned. Interest income is recognized as it accrues, based on the effective interest rate method, while dividend income is recognized when the right to receive payment is established. Investment income is generally considered a recurring revenue stream, as it is earned periodically from ongoing investments.

Revenue from Transactions with Related Performance Obligations:

Revenue is recognized for the following sources of revenue where related performance obligations exist:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Transactions with Related Performance Obligations: (continued)

– Tangible capital asset gains (losses): Gains or losses from the sale or disposal of tangible capital assets are recognized when the asset is transferred to the buyer, and the related risks and rewards of ownership have been transferred. These are typically considered non-recurring revenue streams.

– Land sale gains (losses): Revenue from land sales are recognized when the transaction is completed and ownership is transferred to the purchaser. This may involve a performance obligation related to the delivery of the property and revenue is recognized when the transfer occurs. These are typically considered non-recurring revenue streams.

When a single transaction requires the delivery of more than one performance obligation, the revenue recognition criteria are applied to the separately identifiable performance obligations. A performance obligation is considered to be separately identified if the product or service delivered has stand-alone value to that customer and the fair value associated with the product or service can be measured reliably. The amount recognized as revenue for each performance obligation is its fair value in relation to the fair value of the contract as a whole.

For each performance obligation, the Municipality must ascertain whether the obligation is satisfied over a period of time, or at a point in time. In order to do this, the characteristics of the underlying goods and/or services must be considered in order to determine when the ultimate performance obligations will be satisfied. If any of the below criteria are met, the revenue must be recognized over a period of time; otherwise, corresponding amounts are to be recognized at a point in time.

a) The payor simultaneously receives and consumes the benefits provided by the Municipality's performance as they fulfil the performance obligation
b) The Municipality's performance creates or enhances an asset (for example, work in progress) that the payor controls or uses as the asset is created or enhanced
c) The Municipality's performance does not create an asset with an alternative use to itself, and the Municipality has an enforceable right to payment for performance completed to date
d) The Municipality is expected to continually maintain or support the transferred good or service under the terms of the agreement
e) The Municipality provides the payor with access to a specific good or service under the terms of the agreement

When determining the amounts of revenue to recognize at various stages along the point of time, determinants vary but often include percentage complete.

Deferred Revenue and Deposits

Certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or services performed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Local Improvement Charges

Local improvement projects financed by frontage taxes recognize any prepayment charges as revenue in the period assessed.

Net Financial Assets

Net financial assets at the end of the accounting period are the net amount of financial assets less liabilities outstanding. Financial assets represent items such as cash and those other assets on hand which could provide resources to discharge existing liabilities or finance future operations. These include realizable assets which are convertible to cash and not intended for consumption in the normal course of operations.

Non-Financial Assets

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

Appropriated Reserves

Reserves are established at the discretion of Council to designate surplus for future operating and capital transactions. Amounts so designated are described on Schedule 10.

Property Tax Revenue

Property tax revenue is based on assessments determined in accordance with Saskatchewan Legislation and the formulas, principles, and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually by Council following the guidance of the Government of Saskatchewan. Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

Financial Instruments

Derivative and equity instruments that are quoted in an active market are carried at fair value. All other financial instruments are measured at cost/amortized cost; financial assets measured at amortized cost are recognized initially net of transaction costs with interest income recognized using the effective interest rate method. Impairment losses are recognized in the statement of operations when there is an other than temporary decline in value.

Interest and dividends attributable to financial instruments are reported in the statement of operations. Unrealized gains and losses are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations.

When investment income and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as liabilities until the external restrictions are satisfied.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

Long-term debt is initially recognized net of premiums, discounts, and transaction costs and is measured at amortized cost with interest expense recognized using the effective interest rate method.

Receivables with terms longer than one year have been classified as other long-term receivables.

Measurement of Financial Instruments:

The Municipality's financial assets and liabilities are measured as follows:

Financial statement line item	Measurement
Cash and cash equivalents	Cost and amortized cost
Investments	Fair value and cost/amortized cost
Other accounts receivable	Cost and amortized cost
Long-term receivables	Amortized cost
Debt charges recoverable	Amortized cost
Bank indebtedness	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Long-term debt	Amortized cost
Derivative assets and liabilities	Fair value

Inventories

Inventories of materials and supplies expected to be used by the Municipality are valued at the lower of cost or replacement cost. Inventories of land, materials and supplies held for resale are valued at the lower of cost or net realizable value. Cost is determined by the average cost method. Net realizable value is the estimated selling price in the ordinary course of business.

Tangible Capital Assets

All tangible capital asset acquisitions or betterment made throughout the year are recorded at their acquisition cost. Initial costs for tangible capital assets that were acquired and developed prior to 2009 were obtained via historical cost information or using current fair market values discounted by a relevant inflation factor back to the point of acquisition. Donated tangible capital assets received are recorded at their fair market value at the date of contribution. The costs of these tangible capital assets less any residual value are amortized over the asset's useful life using the straight-line method of amortization. The tangible capital assets that are recognized at a nominal value are disclosed on Schedule 6. The Municipality's tangible capital asset useful lives are estimated as follows:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tangible Capital Assets (continued)

Asset	Useful Life
General Assets	
Land	Indefinite
Land improvements	5 to 20 years
Buildings	10 to 50 years
Vehicles and equipment	
Vehicles	5 to 10 years
Machinery and equipment	5 to 10 years
Leased capital assets	Lease term
Infrastructure Assets	
Infrastructure assets	30 to 75 years
Water & sewer	25 years
Road network assets	40 years

Government Contributions

Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the cost of the related asset.

Works of Art and Other Unrecognized Assets

Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property cannot be made.

Capitalization of Interest

The Municipality does not capitalize interest incurred while a tangible capital asset is under construction.

Leases

All leases are recorded on the financial statements as either a capital or operating lease. Any lease that transfers the majority of benefits and risk associated with the leased asset is classified as a capital lease and recorded as a tangible capital asset. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the asset's fair market value. Assets under capital leases are amortized on a straight-line basis, over their estimated useful lives (lease term). Any other lease not meeting the before mentioned criteria is classified as an operating lease and rental payments are expensed as incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Private Partnerships

Public private partnerships where the Municipality procures infrastructure using a private sector partner are accounted for and reported as infrastructure assets on the statement of financial position and are initially recognized at cost. Cost includes the gross amount of consideration given up to acquire, construct, develop or better a tangible capital asset; and all costs directly attributable to the acquisition, construction, development or betterment of the infrastructure asset. Infrastructure assets are amortized over the assets useful life and recognized as an expense in the statement of operations.

When the Municipality has recognized an infrastructure asset in relation to a public private partnership arrangement and has an obligation to provide consideration to the private sector partner, the Municipality recognizes a corresponding infrastructure liability on the statement of financial position. Infrastructure liabilities are initially measured at the same amount as the related infrastructure asset, reduced for any consideration previously provided to the public sector partner. Other consideration attributable to the partnership agreement such as operating and maintenance payments are excluded from the measurement of the liability. Two common models used to measure infrastructure liabilities are the financial liability and user pay models. The financial liability model is utilized when the Municipality designs, builds, finances, operates and/or maintains infrastructure in exchange for a contractual right to receive cash or another asset. The reason for this being that the corresponding liability constitutes a financial liability. The user pay model is applicable when the private sector partner designs, buildings, finances, operates and/or maintains the infrastructure in exchange for a right to charge the ultimate end users. This compensation granted by the Municipality is facilitated via the granting of rights to earn revenue from a third party. Due to such, the corresponding liability should be classified as a performance obligation.

These financial statements do not include any public private partnerships.

Trust Funds

Funds held in trust for others, under a trust agreement or statute, are not included in the financial statements as they are not controlled by the Municipality.

Employee Benefit Plans

Contributions to the Municipality's multi-employer defined benefit plans are expensed when contributions are made. Under the defined benefit plan, the Municipality's obligations are limited to their contributions.

Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liability for Contaminated Sites (continued)

a) an environmental standard exists;
b) contamination exceeds the environmental standard;
c) the Municipality:
    i. is directly responsible; or
    ii. accepts responsibility;
d) it is expected that future economic benefits will be given up; and
e) a reasonable estimate of the amount can be made.

Measurement Uncertainty

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period.

Measurement uncertainty impacts the following financial statement areas:

- Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

- The measurement of materials and supplies are based on estimates of volume and quality.

- The 'Opening Asset costs' of tangible capital assets have been estimated where actual costs were not available.

- Amortization is based on the estimated useful lives of tangible capital assets and intangible capital assets.

- The liability associated with asset retirement obligations are measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date, the discount rate, and inflation.

- Measurement financial instruments at fair value and recognition and measurement of impairment of financial instruments requires the use of significant management estimates.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Segmentation/Segment Report

The Municipality follows the Public Sector Accounting Board's recommendations requiring financial information to be provided on a segmented basis. Municipal services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment. Interest is allocated to functions based on the purpose of specific borrowings.

The segments (functions) are as follows:

General government: Provides administration of the Municipality.

Protective services: Is comprised of expenses for police and fire protection.

Transportation services: Is responsible for the delivery of public works services related to the development and maintenance of roadway systems and street lighting.

Environmental and public health: Environmental segment provides waste disposal and other environmental services and the public health segment provides for expenses related to public health services in the Municipality.

Planning and development: Provides for neighbourhood development and sustainability.

Recreation and culture: Provides for community services through provision of recreation and leisure services.

Utility: Provides for delivery of water, collecting and treating of wastewater and providing collection and disposal of solid waste.

Budget Information

The budget is prepared on a revenue and expenditure basis. For comparative purposes, the Village 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 was approved by Council on July 9, 2025.

Assets Held for Sale

The Municipality is committed to selling the asset, the asset is in a condition to be sold, the asset is publicly seen to be for sale, there is an active market for the asset, there is a plan in place for selling the asset and the sale is reasonably anticipated to be completed within one year of the financial statement date.

Asset Retirement Obligations

Asset retirement obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development or normal use. The tangible assets include but are not limited to assets in productive use, assets no longer in productive use, leased tangible capital assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Asset Retirement Obligations (continued)

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for the Municipality to incur costs in relation to a specific TCA, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

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 Municipality derecognizes the liability that was established. 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.

Loan Guarantees

The Municipality has not provided loan guarantees for any organizations.

Guarantees represent potential financial commitments for the Municipality. These amounts are considered as contingent liabilities and not formally recognized as liabilities until the Municipality considers it likely for the borrower to default on its obligation and the amount of the liability can be estimated. The Municipality monitors the status of the organization(s), loans, and lines of credit annually and in the event that payment by the Municipality is likely to occur, a provision will be recognized in the financial statements.

2. INVESTMENTS

Investments carried at amortized cost:		
Portfolio investments	**$ 950,000**	$ 1,400,000

Portfolio investments represent investments in non-redeemable term deposits held at Radius Credit Union Ltd. and earn interest at rates of 3.30% and 3.55% (2024 - 3.90% and 4.00%) and have maturity dates of September 2026 and October 2026.

2. INVESTMENTS (CONTINUED)

Investment income:	2025	2024
Income from portfolio investments	$ 50,413	$ 95,117
Interest	5,099	5,554
Total investment income	$ 55,512	$ 100,671

3. TAXES RECEIVABLE - MUNICIPAL

		2025	2024
Municipal	- Current	$ 7,732	$ 2,289
	- Arrears	1,508	787
Total municipal taxes receivable		9,240	3,076
School	- Current	2,771	1,037
	- Arrears	708	377
Total taxes to be collected on behalf of School Divisions		3,479	1,414
Municipal hail		4,724	
Total taxes and grants-in-lieu receivable		17,443	4,490
Deduct taxes to be collected on behalf of other organizations		(8,203)	(1,414)
Total taxes receivable - municipal		$ 9,240	$ 3,076

4. OTHER ACCOUNTS RECEIVABLE

	2025	2024
Organizations and individuals	$ 25,003	$ 16,228
Accrued interest	6,643	11,031
Federal government	4,258	27,566
Local government	2,518	9,593
	38,422	64,418
Less allowance for doubtful amounts		(1,602)
Total other accounts receivable	$ 38,422	$ 62,816

5. ASSETS HELD FOR SALE

	2025	2024
Tax title property	**$ 11,160**	$ 11,160
Allowance for market value adjustment	**(9,591)**	(9,591)
Total assets held for sale	**$ 1,569**	$ 1,569

6. LONG-TERM RECEIVABLES

	2025	2024
Saskatchewan Association of Rural Municipalities - Self-Insurance Fund	**$ 51,176**	$ 45,563

7. DEFERRED REVENUE

	2024	Restricted inflows	Revenue earned	2025
Prepaid dust control revenue	$ 52	$ 566	$ (52)	**$ 566**
Canada Community - Building Fund	11,229		(11,229)	
Prepaid taxes	19		(19)	
Total deferred revenue	$ 11,300			**$ 566**

8. LONG-TERM DEBT

The debt limit of the Municipality is $995,003. The debt limit for a Municipality is the total amount of the Municipality's own source revenues for the preceding year (the *Municipalities Act* section 161(1)).

9. CONTINGENCIES

The Municipality is contingently liable under terms of the Saskatchewan Association of Rural Municipalities Self-Insurance Plan for its proportionate share of claims and future claims in excess of the Plan's reserve fund.

10. PENSION PLAN

The Municipality is an employer member of the Municipal Employee Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. The Commission of MEPP, representing plan member employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration benefits. The Municipality's pension expense in 2025 was $30,105 (2024 - $27,488). The benefits accrued to the Municipality's employees from MEPP are calculated using the following: Pensionable Years of Service, Highest Average Salary, and the plan accrual rate. 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 PS 3250.

Total current service contributions by the Municipality to the MEPP in 2025 were $30,105 (2024 - $27,488). Total current service contributions by the employees of the Municipality to the MEPP in 2025 were $30,105 (2024 - $27,488).

As of the audit report date, the December 31, 2025 MEPP actuarial deficiency/surplus has not yet been released. As of December 31, 2024, the actuarial valuation of the financial position of the plan shows MEPP is 126.4 percent funded, with an actuarial surplus of $819,117,000.

For further information of the amount of MEPP deficiency/surplus information see: https://mepp.peba.ca/fund-information/plan-reporting.

11. RISK MANAGEMENT

Through its financial assets and liabilities, the Municipality is exposed to various risks as outlined below.

Price risk
Price risk associated with investments in shares is the risk that their fair value will fluctuate because of changes in market prices. It is management's opinion the Municipality is not exposed to price risks arising from these financial instruments due to the Municipality not holding any investments in shares.

Credit risk
The Municipality is exposed to credit risk resulting from the possibility that counterparties may default on their financial obligations. Credit risk is primarily associated with accounts receivable, which total $47,662 as at year-end.

The composition of receivables is as follows:

- Organizations and individuals receivable: $25,003
- Property taxes receivable: $9,240
- Accrued interest: $6,643
- GST receivable: $4,258
- Local government receivable: $2,518

Credit risk related to taxes arises from transactions with residents and ratepayers. The risk is mitigated by the Municipality's authority to pursue tax recovery measures under applicable legislation and to discontinue utility services in cases of non-payment.

11. RISK MANAGEMENT (CONTINUED)

Receivables from the Canada Revenue Agency (CRA), local governments and banking institutions are considered low risk due to the creditworthiness of these counterparties.

The credit risk for receivables from organizations and individuals is mitigated through ongoing monitoring, timely invoicing, and active collection efforts. Due to the diversity of individual counterparties, the exposure to significant loss in this category is considered low.

At year-end, $1,508 of total receivables are considered past due (i.e., greater than 30 days outstanding). The Municipality monitors receivables on an ongoing basis and establishes allowances as necessary based on historical collection patterns and specific account assessments.

Liquidity risk
Liquidity risk is the risk that the Municipality will encounter difficulty in meeting financial obligations as they fall due. The Municipality undertakes regular cash flow analyses to ensure there are sufficient cash resources to meet all obligations.

Trade accounts payable and accrued liabilities are generally paid within 30 days.

Interest rate risk
Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Municipality is exposed to interest rate risk on its investments. Portfolio investments are held at fixed interest rates. Although fixed-rate instruments typically expose the holder to interest rate risk in a rising rate environment, the Municipality's current holdings bear interest rates that are above current market levels, mitigating the risk and providing a financial benefit in the short term.

The Municipality actively monitors its investment portfolio to manage exposure to interest rate changes and to ensure alignment with its financial risk management objectives.

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 1 - SCHEDULE OF TAXES AND OTHER UNCONDITIONAL REVENUES
For the year ended December 31, 2025

	2025 Budget Unaudited (Note 1)	2025 Actual	2024 Actual
TAXES			
General municipal tax levy	$ 812,647	$ 812,485	$ 756,252
Discount on current year taxes	(43,600)	(43,096)	(40,619)
Net Municipal Taxes	769,047	769,389	715,633
Penalties on tax arrears	150	216	167
Total Taxes	769,197	769,605	715,800
UNCONDITIONAL GRANTS			
Revenue Sharing	226,939	227,513	213,150
Total Unconditional Grants	226,939	227,513	213,150
GRANTS-IN-LIEU OF TAXES			
Provincial			
SaskTel	1,664	1,770	1,440
Saskatchewan Property Management	913	911	911
Total Grants-in-Lieu of Taxes	2,577	2,681	2,351
TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE	$ 998,713	$ 999,799	$ 931,301

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 2 - SCHEDULE OF OPERATING AND CAPITAL REVENUE BY FUNCTION
For the year ended December 31, 2025

	2025 Budget Unaudited (Note 1)	2025 Actual	2024 Actual
GENERAL GOVERNMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Sales of supplies	$ 1,020	$ 430	$ 978
- Tax certificates and general office services	370	2,895	370
Total Fees and Charges	1,390	3,325	1,348
- Investment income	51,300	55,512	100,671
Total Other Segmented Revenue	52,690	58,837	102,019
Total Operating	52,690	58,837	102,019
Total General Government Services	52,690	58,837	102,019
PROTECTIVE SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Fire fees	10,000	4,012	4,606
Total Fees and Charges	10,000	4,012	4,606
Total Other Segmented Revenue	10,000	4,012	4,606
Total Operating	10,000	4,012	4,606
Total Protective Services	10,000	4,012	4,606

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 2 - SCHEDULE OF OPERATING AND CAPITAL REVENUE BY FUNCTION
For the year ended December 31, 2025

	2025 Budget Unaudited (Note 1)	2025 Actual	2024 Actual
TRANSPORTATION SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work	$ **28,000**	$ **38,968**	$ 27,825
- Sales of supplies	**39,260**	**53,704**	50,406
- Road maintenance and restoration agreements	**50,000**	**51,938**	79,932
Total Fees and Charges	**117,260**	**144,610**	158,163
- Tangible capital asset sales - gain (loss)	**38,075**	**50,684**	
- Insurance claims		**7,893**	
Total Other Segmented Revenue	**155,335**	**203,187**	158,163
Conditional Grants			
- Clearing the Path	**17,134**	**17,134**	17,134
Total Conditional Grants	**17,134**	**17,134**	17,134
Total Operating	**172,469**	**220,321**	175,297
Capital			
Conditional Grants			
- Canada Community - Building Fund (CCBF)	**11,512**	**22,506**	11,411
Total Capital	**11,512**	**22,506**	11,411
Total Transportation Services	**183,981**	**242,827**	186,708

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 2 - SCHEDULE OF OPERATING AND CAPITAL REVENUE BY FUNCTION
For the year ended December 31, 2025

	2025 Budget Unaudited (Note 1)	2025 Actual	2024 Actual
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Waste and disposal fees	$ 4,725	$ 4,725	$ 3,915
- Cemetery fees	1,000	1,400	943
Total Fees and Charges	5,725	6,125	4,858
Total Other Segmented Revenue	5,725	6,125	4,858
Conditional Grants			
- Provincial rat eradication and gopher control programs	69,500	22,674	70,479
Total Conditional Grants	69,500	22,674	70,479
Total Operating	75,225	28,799	75,337
Total Environmental and Public Health Services	75,225	28,799	75,337
PLANNING AND DEVELOPMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Permits	8,250	2,607	3,542
Total Fees and Charges	8,250	2,607	3,542
- Mineral royalties and municipal reserve compensation	2,000	903	6,182
Total Other Segmented Revenue	10,250	3,510	9,724
Conditional Grants			
- Civic addressing	1,370	1,370	
Total Conditional Grants	1,370	1,370	
Total Operating	11,620	4,880	9,724
Total Planning and Development Services	11,620	4,880	9,724
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	$ 333,516	$ 339,355	$ 378,394

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 2 - SCHEDULE OF OPERATING AND CAPITAL REVENUE BY FUNCTION
For the year ended December 31, 2025

	2025 Budget Unaudited (Note 1)	2025 Actual	2024 Actual
SUMMARY			
Total Other Segmented Revenue	**$ 234,000**	**$ 275,671**	$ 279,370
Total Conditional Grants	**88,004**	**41,178**	87,613
Total Capital Grants and Contributions	**11,512**	**22,506**	11,411
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	**$ 333,516**	**$ 339,355**	$ 378,394

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 3 - SCHEDULE OF EXPENSES BY FUNCTION
For the year ended December 31, 2025

	2025 Budget Unaudited (Note 1)	2025 Actual	2024 Actual
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	$ 64,108	$ 60,746	$ 63,725
Wages and benefits	125,292	120,550	114,296
Professional/Contractual services	27,411	27,435	32,158
Utilities	3,865	3,664	3,716
Maintenance, materials, and supplies	11,620	11,981	9,364
Amortization of tangible capital assets	1,067	1,067	1,067
Allowance for uncollectibles	1,602		1,664
Total General Government Services	234,965	225,443	225,990
PROTECTIVE SERVICES			
Police protection			
Professional/Contractual services	11,500	10,964	10,710
Fire protection			
Professional/Contractual services	10,362	2,374	4,968
Total Protective Services	21,862	13,338	15,678
TRANSPORTATION SERVICES			
Wages and benefits	265,482	265,586	248,866
Professional/Contractual services	59,350	72,742	53,449
Utilities	13,095	8,813	6,142
Maintenance, materials, and supplies	156,200	138,963	97,899
Gravel	180,000	290,421	147,162
Amortization of tangible capital assets	147,565	144,685	131,358
Total Transportation Services	821,692	921,210	684,876
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Professional/Contractual services	73,800	31,370	74,331
Maintenance, materials, and supplies	16,625	7,498	10,432
Grants and contributions			
- Operating			
• Waste disposal	21,909	21,909	21,909
Amortization of tangible capital assets	505	506	506
Allowance for uncollectibles			1,602
Total Environmental and Public Health Services	112,839	61,283	108,780

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 3 - SCHEDULE OF EXPENSES BY FUNCTION
For the year ended December 31, 2025

	2025 Budget Unaudited (Note 1)	2025 Actual	2024 Actual
PLANNING AND DEVELOPMENT SERVICES			
Professional/Contractual services	$ 6,225	$ 1,932	$ 1,567
Grants and contributions			
- Operating	3,375	3,375	3,150
Quarry lease	1,000	1,188	1,707
Total Planning and Development Services	10,600	6,495	6,424
RECREATION AND CULTURAL SERVICES			
Grants and contributions			
- Operating	17,370	14,370	19,200
Total Recreation and Cultural Services	17,370	14,370	19,200
UTILITY SERVICES			
Utilities	1,650	1,605	1,633
Maintenance, materials, and supplies	500		38
Total Utility Services	2,150	1,605	1,671
TOTAL EXPENSES BY FUNCTION	$ 1,221,478	$ 1,243,744	$ 1,062,619

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 4 - SCHEDULE OF SEGMENT DISCLOSURE BY FUNCTION
For the year ended December 31, 2025

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and Charges	$ 3,325	$ 4,012	$ 144,610	$ 6,125	$ 2,607	$	$	$ 160,679
Tangible Capital Asset Sale - Gain (Loss)			50,684					50,684
Intangible Capital Asset Sale - Gain (Loss)								
Land Sales - Gain (Loss)								
Investment Income	55,512							55,512
Commissions								
Other Revenues			7,893		903			8,796
Grants - Conditional			17,134	22,674	1,370			41,178
- Capital			22,506					22,506
Total revenues	58,837	4,012	242,827	28,799	4,880			339,355
Expenses (Schedule 3)								
Wages & Benefits	181,296		265,586					446,882
Professional/Contractual Services	27,435	13,338	72,742	31,370	1,932			146,817
Utilities	3,664		8,813				1,605	14,082
Maintenance, Materials, Supplies	11,981		429,384	7,498				448,863
Grants and Contributions				21,909	3,375	14,370		39,654
Amortization of Tangible Capital Assets	1,067		144,685	506				146,258
Amortization of Intangible Capital Assets								
Interest								
Accretion of asset retirement obligation								
Allowance for Uncollectibles								
Other					1,188			1,188
Total expenses	225,443	13,338	921,210	61,283	6,495	14,370	1,605	1,243,744
Surplus (Deficit) by Function	(166,606)	(9,326)	(678,383)	(32,484)	(1,615)	(14,370)	(1,605)	(904,389)
Taxation and other unconditional revenue (Schedule 1)								999,799
Net Surplus								$ 95,410

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 5 - SCHEDULE OF SEGMENT DISCLOSURE BY FUNCTION
For the year ended December 31, 2024

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and Charges	$ 1,348	$ 4,606	$ 158,163	$ 4,858	$ 3,542	$	$	$ 172,517
Tangible Capital Asset Sale - Gain (Loss)								
Intangible Capital Asset Sale - Gain (Loss)								
Land Sales - Gain (Loss)								
Investment Income	100,671							100,671
Commissions								
Other Revenues					6,182			6,182
Grants - Conditional			17,134	70,479				87,613
- Capital			11,411					11,411
Total revenues	102,019	4,606	186,708	75,337	9,724			378,394
Expenses (Schedule 3)								
Wages & Benefits	178,021		248,866					426,887
Professional/Contractual Services	32,158	15,678	53,449	74,331	1,567			177,183
Utilities	3,716		6,142				1,633	11,491
Maintenance, Materials, Supplies	9,364		245,061	10,432			38	264,895
Grants and Contributions				21,909	3,150	19,200		44,259
Amortization of Tangible Capital Assets	1,067		131,358	506				132,931
Amortization of Intangible Capital Assets								
Interest								
Accretion of asset retirement obligation								
Allowance for Uncollectibles	1,664			1,602				3,266
Other					1,707			1,707
Total expenses	225,990	15,678	684,876	108,780	6,424	19,200	1,671	1,062,619
Surplus (Deficit) by Function	(123,971)	(11,072)	(498,168)	(33,443)	3,300	(19,200)	(1,671)	(684,225)
Taxation and other unconditional revenue (Schedule 1)								931,301
Net Surplus								$ 247,076

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 6 - SCHEDULE OF TANGIBLE CAPITAL ASSETS BY OBJECT
For the year ended December 31, 2025

	General Assets					Infrastructure Assets	General/ Infrastructure	Totals	
Cost	**Land**	**Land Improvements**	**Buildings**	**Vehicles**	**Machinery & Equipment**	**Linear Assets**	**Assets Under Construction**	**2025**	2024
Opening costs	$ 3,004	$	$ 932,029	$ 16,275	$ 1,348,962	$ 2,380,933	$	$ 4,681,203	$ 4,009,142
Additions during the year			1,744		388,301	53,722		443,767	678,682
Disposals and write downs					(221,950)			(221,950)	(6,621)
Closing costs	3,004		933,773	16,275	1,515,313	2,434,655		4,903,020	4,681,203
Accumulated Amortization									
Opening accumulated amortization			45,153	16,275	433,546	1,797,747		2,292,721	2,159,790
Amortization			18,646		89,510	38,102		146,258	132,931
Disposals and write downs					(85,134)			(85,134)	
Closing accumulated amortization			63,799	16,275	437,922	1,835,849		2,353,845	2,292,721
Net Book Value	$ 3,004	$	$ 869,974	$	$ 1,077,391	$ 598,806	$	$ 2,549,175	$ 2,388,482

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 7 - SCHEDULE OF TANGIBLE CAPITAL ASSETS BY FUNCTION
For the year ended December 31, 2025

Cost	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning & Development	Recreation & Culture	Water & Sewer	Totals 2025	2024
Opening costs	$ 60,022	$	$ 4,596,562	$ 5,757	$	$	$ 18,862	$ 4,681,203	$ 4,009,142
Additions during the year	7,955		435,812					443,767	678,682
Disposals and write downs	(3,640)		(218,310)					(221,950)	(6,621)
Closing costs	64,337		4,814,064	5,757			18,862	4,903,020	4,681,203
Accumulated Amortization									
Opening accumulated amortization	39,197		2,233,650	1,012			18,862	2,292,721	2,159,790
Amortization	1,067		144,685	506				146,258	132,931
Disposals and write downs	(3,640)		(81,494)					(85,134)	
Closing accumulated amortization	36,624		2,296,841	1,518			18,862	2,353,845	2,292,721
Net Book Value	$ 27,713	$	$ 2,517,223	$ 4,239	$	$	$	$ 2,549,175	$ 2,388,482

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 8 - SCHEDULE OF INTANGIBLE CAPITAL ASSETS BY OBJECT
For the year ended December 31, 2025

	General Assets					Asset Category TBD	Asset Category TBD	Totals	
Cost	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	**Assets Under Construction**	**2025**	2024
Opening costs	$	$	$	$	$	$	$	$	$
Additions during the year									
Disposals and write downs									
Transfers from assets under construction									
Closing costs									
Accumulated Amortization									
Opening accumulated amortization									
Amortization									
Disposals and write downs									
Closing accumulated amortization									
Net Book Value	$	$	$	$	$	$	$	$	$

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 9 - SCHEDULE OF INTANGIBLE CAPITAL ASSETS BY FUNCTION
For the year ended December 31, 2025

Cost	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning & Development	Recreation & Culture	Water & Sewer	Totals 2025	2024
Opening costs	$	$	$	$	$	$	$	$	$
Additions during the year									
Disposals and write downs									
Closing costs									
Accumulated Amortization									
Opening accumulated amortization									
Amortization									
Disposals and write downs									
Closing accumulated amortization									
Net Book Value	$	$	$	$	$	$	$	$	$

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 10 - SCHEDULE OF ACCUMULATED SURPLUS
For the year ended December 31, 2025

	2024	Changes	2025
UNAPPROPRIATED SURPLUS	$ 1,579,743	$ 75,742	$ **1,655,485**
APPROPRIATED RESERVES			
Machinery & Equipment Reserve	866,974	(141,025)	**725,949**
Total appropriated reserves	866,974	(141,025)	**725,949**
NET INVESTMENT IN CAPITAL ASSETS			
Tangible capital assets (Schedule 6,7)	2,388,482	160,693	**2,549,175**
Intangible capital assets (Schedule 8,9)			
Net investment in capital assets	2,388,482	160,693	**2,549,175**
ACCUMULATED SURPLUS excluding remeasurement gains (losses)	$ 4,835,199	$ 95,410	$ **4,930,609**

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 11 - SCHEDULE OF MILL RATES AND ASSESSMENTS
For the year ended December 31, 2025

	PROPERTY CLASS						
	Agriculture	Residential	Residential Condominium	Seasonal Residential	Commercial & Industrial	Potash Mine(s)	Total
Taxable assessment	133,199,945	1,183,880			19,616,895		154,000,720
Regional Park Assessment							
Total Assessment							154,000,720
Mill Rate Factor(s)	1.00	1.55			4.95		
Total Base/Minimum Tax							
Total Municipal Tax Levy	466,200	6,422			339,863		812,485

MILL RATES:	MILLS
Average Municipal	5.2759
Average School	1.9071
Potash Mill Rate	
Uniform Municipal Mill Rate	3.5000

RURAL MUNICIPALITY OF THE GAP #39
SCHEDULE 12 - SCHEDULE OF COUNCIL REMUNERATION
For the year ended December 31, 2025

Position - Name	Remuneration	Reimbursed Costs	Total
Reeve - Alastair Burnett	$ 9,900	$ 439	$ 10,339
Councilor - Murray Scott	7,800	1,162	8,962
Councilor - Jeff Jensen	8,100	775	8,875
Councilor - Lane Carles	6,900	452	7,352
Councilor - Austen Carles	6,300	336	6,636
Councilor - Ernie Sorensen	6,300	196	6,496
Councilor - Tim DeBruyne	5,700	213	5,913
	$ 51,000	$ 3,573	$ 54,573