

RURAL MUNICIPALITY OF FRENCHMAN BUTTE NO 501
AUDITOR'S REPORT AND FINANCIAL STATEMENTS
December 31, 2025

Management's Responsibility

The municipality's management is responsible for the preparation and presentation of the accompanying consolidated financial statements in accordance with Canadian public sector accounting standards (PSAS). The preparation of the 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 is required.

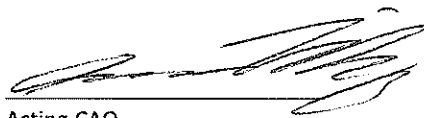
In discharging its responsibilities for the integrity and fair presentation of the consolidated financial statements, management designs and maintains the necessary accounting, budget and other related internal controls to provide reasonable assurance that transactions are appropriately authorized and 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 consolidated 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 fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with external auditors. The Council is also responsible for recommending the appointment of the municipality's external auditors.

Pinnacle Business Solutions, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.



Reeve



Acting CAO

Date:

Pinnacle Business Solutions

Chartered Professional Accountants P.C. Ltd.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Rural Municipality of Frenchman Butte No 501

Opinion

We have audited the financial statements of Rural Municipality of Frenchman Butte No 501 (the "organization"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in accumulated deficit, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

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

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

Those charged with governance are responsible for overseeing the organization'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 generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization'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 organization'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 organization 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.

Meadow Lake, Saskatchewan
April 29, 2026

Pinnzle Business Solutions
Chartered Professional Accountants

Rural Municipality of Frenchman Butte No. 501
Statement 1: Consolidated Statement of Financial Position
As at December 31, 2025

Statement 1

	2025	2024
FINANCIAL ASSETS		
Cash and Cash Equivalents (Note 2)	\$ 12,284,203	\$ 16,737,081
Investments (Note 3)	4,205,498	655,196
Taxes Receivable - Municipal (Note 4)	843,022	574,329
Other Accounts Receivable (Note 5)	430,685	160,002
Assets Held for Sale (Note 6)	20,656	20,656
Long-Term Receivable (Note 7)	573,174	151,574
Debt Charges Recoverable	-	-
Derivative Assets	-	-
Other (Specify)	-	-
Total Financial Assets	\$ 18,357,238	\$ 18,298,838
LIABILITIES		
Bank Indebtedness (Note 8)	-	-
Accounts Payable	\$ 744,125	\$ 702,747
Accrued Liabilities Payable	137,573	135,099
Derivative Liabilities <i>[if applicable]</i>	-	-
Deposits	440	320
Deferred Revenue	-	-
Asset Retirement Obligation	-	-
Liability for Contaminated Sites	-	-
Infrastructure Liability <i>[if applicable]</i>	-	-
Other Liabilities	344,276	344,276
Long-Term Debt	-	-
Lease Obligations	-	-
Total Liabilities	\$ 1,226,414	\$ 1,182,442
NET FINANCIAL ASSETS (DEBT)	\$ 17,130,824	\$ 17,116,396
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 6, 7)	\$ 93,653,765	\$ 87,648,686
Intangible Capital Assets	-	-
Prepayments and Deferred Charges	29,409	80,854
Stock and Supplies	1,210,702	2,188,419
Other	-	-
Total Non-Financial Assets	\$ 94,893,876	\$ 89,917,959
ACCUMULATED SURPLUS (DEFICIT)	\$ 112,024,700	\$ 107,034,355
Accumulated surplus is comprised of:		
Accumulated Surplus (Deficit) excluding remeasurement gains (losses) (Schedule 10)	\$ 112,024,700	\$ 107,034,355
Accumulated remeasurement gains (losses) (Statement 5)	-	-

Unrecognized Assets (Note 1 m)
Contingent Liabilities (Note 10)

The accompanying notes and schedules are an integral part of these statements.

Rural Municipality of Frenchman Butte No. 501
Statement 2: Consolidated Statement of Operations
As at December 31, 2025

Statement 2

	2025 Budget	2025	2024
REVENUES			
Tax Revenue (Schedule 1)	\$ 10,736,510	\$ 10,834,097	\$ 10,746,739
Other Unconditional Revenue (Schedule 1)	491,679	491,730	457,102
Fees and Charges (Note 28 <i>(if applicable)</i> , Schedule 4, 5)	750,823	935,041	436,285
Conditional Grants (Note 28 <i>(if applicable)</i> , Schedule 4, 5)	81,985	78,239	70,536
Tangible Capital Asset Sales - Gain (Schedule 4, 5)	90,000	(22,641)	(31,712)
Intangible Capital Asset Sales - Gain (Schedule 4, 5)	-	-	-
Land Sales - Gain (Schedule 4, 5)	-	1,674	23,400
Investment Income (Note 3) (Schedule 4, 5)	520,000	548,636	665,025
Commissions (Schedule 4, 5)	-	-	-
Restructurings (Note 25 <i>(if applicable)</i> , Schedule 4,5)	-	-	-
Other Revenues (Schedule 4, 5)	6,900	2,252	12,190
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	583,204	559,977	89,559
Total Revenues	\$ 13,261,101	\$ 13,429,005	\$ 12,469,124
EXPENSES			
General Government Services (Schedule 3)	\$ 1,512,380	\$ 1,043,145	\$ 875,210
Protective Services (Schedule 3)	343,658	476,274	382,307
Transportation Services (Schedule 3)	10,299,012	6,407,506	5,268,139
Environmental and Public Health Services (Schedule 3)	221,765	183,096	187,137
Planning and Development Services (Schedule 3)	11,000	13,997	17,328
Recreation and Cultural Services (Schedule 3)	121,287	130,050	115,336
Utility Services (Schedule 3)	563,550	184,592	301,672
Restructurings (Schedule 3)	-	-	-
Total Expenses	\$ 13,072,652	\$ 8,438,660	\$ 7,147,129
Annual Surplus (Deficit) of Revenues over Expenses	\$ 188,449	\$ 4,990,345	\$ 5,321,995
Accumulated Surplus (Deficit) excluding remeasurement gains (losses), Beginning of Year	107,034,355	107,034,355	101,712,360
Accumulated Surplus (Deficit) excluding remeasurement gains (losses), End of Year	\$ 107,222,804	\$ 112,024,700	\$ 107,034,355

The accompanying notes and schedules are an integral part of these statements.

Rural Municipality of Frenchman Butte No. 501

Statement 3: Consolidated Statement of Change in Net Financial Assets

As at December 31, 2025

Statement 3

	2025 Budget	2025	2024
Annual Surplus (Deficit) of Revenues over Expenses	\$ 188,449	\$ 4,990,345	\$ 5,321,995
(Acquisition) of tangible capital assets		\$ (8,909,575)	\$ (2,815,145)
Amortization of tangible capital assets		2,706,868	2,609,558
Amortization of intangible capital assets			
Proceeds on disposal of tangible capital assets		174,987	118,288
Loss (gain) on the disposal of tangible capital assets		22,641	31,712
Proceeds on disposal of intangible capital assets		-	-
Loss (gain) on the disposal of intangible capital assets		-	-
Transfer of assets/liabilities in restructuring transactions		-	-
Surplus (Deficit) of capital expenses over expenditures	-	\$ (6,005,079)	\$ (55,587)
(Acquisition) of supplies inventories			\$ (605,871)
(Acquisition) of prepaid expense			(10,685)
Consumption of supplies inventory		\$ 977,717	
Use of prepaid expense		51,445	
Surplus (Deficit) of expenses of other non-financial over expenditures	-	\$ 1,029,162	\$ (616,556)
Unrealized remeasurement gains (losses)		-	-
Increase/Decrease in Net Financial Assets	\$ 188,449	\$ 14,428	\$ 4,649,852
Net Financial Assets (Debt) - Beginning of Year	17,116,396	17,116,396	12,466,544
Net Financial Assets (Debt) - End of Year	\$ 17,304,845	\$ 17,130,824	\$ 17,116,396

The accompanying notes and schedules are an integral part of these statements.

Rural Municipality of Frenchman Butte No. 501
Statement 4: Consolidated Statement of Cash Flow
As at December 31, 2025

Statement 4

	2025	2024
Cash provided by (used for) the following activities		
Operating:		
Annual Surplus (Deficit) of Revenues over Expenses	\$ 4,990,345	\$ 5,321,995
Amortization of tangible capital assets	2,706,868	2,609,558
Amortization of intangible capital assets	-	-
Loss (gain) on disposal of tangible capital assets	22,641	31,712
Loss (gain) on disposal of intangible capital assets	-	-
	\$ 7,719,854	\$ 7,963,265
Change in assets/liabilities		
Taxes Receivable - Municipal	(268,693)	(3,139)
Other Receivables	(692,283)	1,353
Assets Held for Sale	-	(149)
Other Financial Assets	-	-
Accounts and Accrued Liabilities Payable	43,852	(408,450)
Derivative Liabilities <i>[if applicable]</i>	-	-
Deposits	120	40
Deferred Revenue	-	-
Asset Retirement Obligation	-	-
Liability for Contaminated Sites	-	-
Infrastructure Liability <i>[if applicable]</i>	-	-
Other Liabilities	-	61,187
Stock and Supplies	977,717	(605,871)
Prepayments and Deferred Charges	51,445	(10,685)
Other (Specify)	-	-
Cash provided by operating transactions	\$ 7,832,012	\$ 6,997,551
Capital:		
Acquisition of capital assets	\$ (8,909,575)	\$ (2,815,145)
Proceeds from the disposal of capital assets	174,987	118,288
Cash applied to capital transactions	\$ (8,734,588)	\$ (2,696,857)
Investing:		
Decrease (increase) in restricted cash or cash equivalents	\$ (2,026,538)	\$ (2,744)
Proceeds on disposal of investments	-	-
Decrease (increase) in investments	(3,550,302)	512,106
Cash provided by (applied to) investing transactions	\$ (5,576,840)	\$ 509,362
Financing:		
Debt charges recovered	-	-
Long-term debt issued	-	-
Long-term debt repaid	-	-
Other financing	-	-
Cash provided by (applied to) financing transactions	-	-
Change in Cash and Cash Equivalents	\$ (6,479,416)	\$ 4,810,056
Cash and Cash Equivalents	9,149,097	4,339,041
Cash and Cash Equivalents - End of Year	\$ 2,669,681	\$ 9,149,097
Cash and cash equivalents is made up of:		
Cash and cash equivalents (Note 2)	\$ 12,284,203	\$ 16,737,081
Less: restricted portion of cash and cash equivalents (Note 2)	(9,614,522)	(7,587,984)
Temporary bank indebtedness	-	-
	\$ 2,669,681	\$ 9,149,097

The accompanying notes and schedules are an integral part of these statements.

1. Significant Accounting Policies

The consolidated financial statements of the municipality have been 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 adopted by the municipality are as follows:

Basis of Accounting: The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting requires revenues to be recognized as they become available and measurable and 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.

- a) **Reporting Entity:** The consolidated financial statements consolidate 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 the Council for the administration of their financial affairs and resources. Entities included in these consolidated financial statements are as follows:

Entity

Organized Hamlet of Frenchman Butte

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 consolidated financial statements contain the following partnerships:

St. Walburg and District Fire and Rescue Association Inc. (consolidated 33.3%) (2024 – consolidated 33.3%) -proportionate consolidation.
501 Utility Authority Inc. (consolidated 33.3%) (2024 – consolidated 33.3%) -proportionate consolidation.

All inter-organizational transactions and balances have been eliminated.

- b) **Collection of funds for other authorities:** Collection of funds by the municipality for school boards, municipal hail and conservation and development authorities are collected and remitted in accordance with relevant legislation.
- c) **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 and stipulations have been met; and
 - c) reasonable estimates of the amounts can be made.

Unearned government transfer amounts received 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 eligibility criteria have been met.

- d) **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.

1. Significant Accounting Policies - continued

- e) **Revenue** - Revenue from transactions with no performance obligation is recognized at realizable value when the municipality has the authority to claim or retain an inflow of economic resources and identified a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing a promised good or service to the payor. User fees are recognized over the period of use, and sales of goods and services are recognized when goods are delivered. License and permits with single performance obligations over time are recognized over the license or permit as the performance obligation is satisfied.

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.

Revenue from services to other governments, sales of services, fire protection, and other revenue are recognized when services are performed and/or when earned, as long as amounts can be reasonably estimated and collection is reasonably assured.

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 - Fees and charges: 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.

- f) **Local Improvement Charges:** Local improvement projects financed by frontage taxes recognize any prepayment charges as revenue in the period assessed.
- g) **Net Financial Assets:** Net Financial Assets at the end of an 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.
- h) **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.
- i) **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.

1. Significant Accounting Policies - continued

- j) **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.
- k) **Financial Instruments:** Derivative and equity instruments (or other portfolio investments) 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.

Long-term debt:

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.

Long-term receivable:

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

Measurement of Financial Instruments:

The municipalities financial assets and liabilities are measured as follows:

<u>Financial Statement line item</u>	<u>Measurement</u>
Cash & Cash Equivalents	Cost
Investments	Cost
Other Accounts Receivable	Amortized cost
Long term receivable	Amortized cost
Debt Charges Recoverable	Amortized cost
Bank Indebtedness	Cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Long-Term Debt	Amortized cost
Derivative Assets and Liabilities	Fair Value

- l) **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.

Rural Municipality of Frenchman Butte No. 501
Notes to the Consolidated Financial Statements
As at December 31, 2025

1. Significant Accounting Policies - continued

- m) **Tangible Capital Assets:** All tangible capital asset acquisitions or betterments 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 deflation 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 cost of these tangible capital assets less any residual value are amortized over the asset's useful life using the straight-line method of amortization. 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:

<u>Asset</u>	<u>Useful Life</u>
General Assets	
Land	Indefinite
Land Improvements	5 to 20 Yrs
Buildings	10 to 50 Yrs
Vehicles & Equipment	
Vehicles	5 to 10 Yrs
Machinery and Equipment	5 to 10 Yrs
Leased capital assets	Lease term
Infrastructure Assets	
Infrastructure Assets	30 to 75 Yrs
Water & Sewer	40 Yrs
Road Network Assets	40 Yrs

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 consolidated financial statements as either a capital or operating lease. Any lease that transfers substantially all of the benefits and risk associated with the leased asset is classified as a capital lease and recorded as tangible capital assets. 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 *[amortization method]* 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. Significant Accounting Policies - continued

- n) **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.

- o) **Trust Funds:** Funds held in trust for others, under a trust agreement or statute, are not included in the consolidated financial statements as they are not controlled by the municipality. Trust fund activities administered by the municipality are disclosed in Note 13.
- p) **Employee Benefit Plans:** Contributions to the municipality's multiemployer defined benefit plans are expensed when contributions are made. Under the defined benefit plan, the municipality's obligations are limited to their contributions.
- q) **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:
- 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.

Rural Municipality of Frenchman Butte No. 501
Notes to the Consolidated Financial Statements
As at December 31, 2025

1. Significant Accounting Policies - continued

- r) **Measurement Uncertainty:** The preparation of 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 Measurement financial instruments at fair value and recognition and measurement of impairment of financial instruments requires the use of significant management estimates.

The values associated with the initial recognition and impairment tests of intangible capital assets involve significant estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates and asset lives.

These determinations will affect the amount of amortization expense on intangible capital assets recognized in future periods.

Management assesses impairment by comparing the recoverable amount of an intangible capital asset with its carrying value. The determination of the recoverable amount involves significant estimation by management.

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. Significant Accounting Policies - continued

- s) **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 for the administration of the municipality.

Protective Services: Comprised of expenses for Police and Fire protection.

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

Environmental and Public Health: The environmental segment provides waste disposal and other environmental services. 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 the provision of recreation and leisure services.

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

- t) **Budget Information:** Budget information is presented on a basis consistent with that used for actual results. The budget was approved by Council on May 7, 2025.

- u) **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.

- v) **Asset Retirement Obligation:** 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 not limited to assets in productive use, assets no longer in productive use, leased tangible capital assets.

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.

Rural Municipality of Frenchman Butte No. 501
Notes to the Consolidated Financial Statements
As at December 31, 2025

2. Cash and Cash Equivalents

	2025	2024
Cash	\$ 2,669,681	\$ 9,149,097
Short-term investments - amortized cost		
Restricted Cash	9,614,522	7,587,984
Total Cash and Cash Equivalents	\$ 12,284,203	\$ 16,737,081

Cash and cash equivalents includes balances with banks and short-term deposits with maturities of three months or less. [Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.]

3. Investments

	2025	2024
Investments carried at fair value:		
<i>[List if any; e.g.:]</i>		
Equity instruments quoted in an active market		
Other portfolio investments		
Derivatives		
Investments carried at amortized cost:		
<i>[List if any; e.g.:]</i>		
Short-term notes and deposits		
Government/government guaranteed bonds		
Synergy Credit Union - 501 Utility Authority term deposits	\$ 31,530	\$ 30,300
Synergy Credit Union - St. Walburg & District Fire Association Inc. term deposits	16,667	
Synergy Credit Union - term deposit matures December 2027 2.85%	657,301	624,896
Synergy Credit Union - term deposit matures September 2026 3.30%	500,000	
Synergy Credit Union - term deposits matures September 2027 3.4%	1,000,000	
Synergy Credit Union - term deposit matures September 2028 3.30%	500,000	
Synergy Credit Union - term deposit matures September 2029 3.30%	500,000	
Synergy Credit Union - term deposit matures September 2030 3.45%	1,000,000	
Total Investments	\$ 4,205,498	\$ 655,196

Investment Income

	2025	2024
Interest	\$ 548,139	\$ 648,846
Dividends		
Realized gains (losses) previously recognized in the statement of remeasurement		
Realized gains (losses) on disposal		
Impairment charges		
Net settlement on derivative financial instruments		
Total investment income	\$ 548,139	\$ 648,846

Rural Municipality of Frenchman Butte No. 501
Notes to the Consolidated Financial Statements
As at December 31, 2025

4. Taxes Receivable - Municipal

	2025	2024
Municipal - Current	\$ 567,434	\$ 468,770
- Arrears	327,975	157,946
	\$ 895,409	\$ 626,716
- Less Allowance for Uncollectible	(52,387)	(52,387)
Total municipal taxes receivable	\$ 843,022	\$ 574,329
School -Current	\$ 128,121	\$ 129,228
-Arrears	64,854	31,671
Total taxes to be collected on behalf of School Divisions	\$ 192,975	\$ 160,899
Other		
Total taxes and grants in lieu receivable or to be collected on behalf of other organization	\$ 1,035,997	\$ 735,228
Deduct taxes to be collected on behalf of other organizations	(192,975)	(160,899)
Total Taxes Receivable - Municipal	\$ 843,022	\$ 574,329

5. Other Accounts Receivable

Federal Government	\$ 151,127	\$ 76,823
Provincial Government		
Local Government		
Utility		
Trade	245,044	84,091
Other (Accrued interest)	36,230	804
Total Other Accounts Receivable	\$ 432,401	\$ 161,718
Less: Allowance for Uncollectible	(1,716)	(1,716)
Net Other Accounts Receivable	\$ 430,685	\$ 160,002

Rural Municipality of Frenchman Butte No. 501
Notes to the Consolidated Financial Statements
As at December 31, 2025

6. Assets Held for Sale

	2025	2024
Tax Title Property	\$ 20,794	\$ 20,794
Allowance for market value adjustment	(138)	(138)
Net Tax Title Property	\$ 20,656	\$ 20,656
Other Land		
Allowance for market value adjustment		
Net Other Land	-	-
Other (Describe)		
Total Assets Held for Sale	\$ 20,656	\$ 20,656

7. Long-Term Receivable

	2025	2024
Sask Assoc. of Rural Municipalities - Self Insurance Fund	\$ 72,523	\$ 65,070
Sask Assoc. of Rural Municipalities - Property Insurance Fund	70,824	56,677
Turtleford co-op equity	19,822	19,822
Synergy Credit Union equity	10,005	10,005
Investment - West Yellowhead Waste Resource Authority Inc.	400,000	
Total Long-Term Receivables	\$ 573,174	\$ 151,574

8. Bank Indebtedness

The municipality has a credit facility with its financial institution, consisting of credit cards with a limit of \$ 16,600.

Credit Arrangements

At December 31, 2025, the municipality had lines of credit totaling \$9,820,000, none of which were drawn. The following has been collateralized in connection with this line of credit:

- General security agreement.

9. Long-Term Debt

a) The debt limit of the municipality is \$11,717,525. 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)).

10. Contingent Liabilities

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.

The municipality is also contingently liable for the following:

The municipality is in dispute with one of its contractors over a project the contractor completed in 2029. The contractor has disputed the final payment and filed a statement of claim against the municipality. None of these actions is determinable as at the date of reporting, and accordingly, no provision has been made in these consolidated financial statements for any liability that may result. If the outcome of these actions becomes likely to be settled, and the amount can be reasonably estimated, the municipality's share of settlement, if any, will be charged to expenses in that year.

Rural Municipality of Frenchman Butte No. 501
Notes to the Consolidated Financial Statements
As at December 31, 2025

11. Pension Plan

The municipality is an employer member of the Municipal Employee Pension Plan (MEPP), which is a multiemployer 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 of benefits. The municipality's pension expense in 2025 was \$292,124. 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.

Employee Contribution	9% of gross salary
Employer Contribution	9% of gross salary

Total current service contributions by the municipality to the MEPP in 2025 were \$292,124 (2024 - \$147,339).
Total current service contributions by the employees of the municipality to the MEPP in 2025 were \$292,124 (2024 - \$147,339).

At December 31, 2024, the MEPP disclosed an actuarial deficiency/surplus of \$819,117,000.

At the time these financial statements were approved, the 2025 report was unavailable.

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

12. Comparative Figures

Prior year comparative figures have been restated to conform to the current year's presentation.

13. Trusts Administered by the Municipality

A summary of trust fund activity by the municipality during the year is as follows:

Health Trust fund

	Current Year Total	Prior Year Total
Balance - Beginning of Year	\$ 10,620	\$ 10,478
Revenue (<i>Specify</i>)		
Interest revenue	83	142
Expenditure (<i>Specify</i>)		
Balance - End of Year	\$ 10,703	\$ 10,620

14. Related Parties

The consolidated financial statements include transactions with related parties. The municipality is related to the Reeve and Council members under the common control of the Council.

Transactions with these related parties are in the normal course of operations and are settled on normal trade terms.

Rural Municipality of Frenchman Butte No. 501
Notes to the Consolidated Financial Statements
As at December 31, 2025

15. Risk Management

Through its financial assets and liabilities, the municipality is exposed to various risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge their responsibilities with respect to the financial instrument, and in so doing, cause a loss for the other party. The financial instruments that potentially subject the municipality to credit risk consist of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the municipality provides services may experience financial difficulties and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. There has been no change in the exposure to their risk from prior years.

The municipalities maximum exposure to credit risk as at December 31 is as follows:

	2025
<i>Municipal taxes receivable</i>	\$ 843,022
<i>Trade accounts receivable</i>	245,044
Maximum credit risk exposure	\$ 1,088,066

The municipality has mitigated its exposure to credit risk on financial instruments through the ability to transfer title if the taxpayer fails to pay their property taxes.

Rural Municipality of Frenchman Butte No. 501

Schedule 1: Schedule of Taxes and Other Unconditional Revenue

As at December 31, 2025

Schedule 1

	2025 Budget	2025	2024
TAXES			
General municipal tax levy	\$ 11,016,000	\$ 11,040,712	\$ 10,992,937
Abatements and adjustments	(100,000)	(99,005)	(90,913)
Discount on current year taxes	(330,000)	(294,186)	(297,999)
Net Municipal Taxes	\$ 10,586,000	\$ 10,647,521	\$ 10,604,025
Potash tax share			
Trailer license fees			
Penalties on tax arrears	50,000	52,441	42,457
Special tax levy			
Other (Specify)			
Total Taxes	\$ 10,636,000	\$ 10,699,962	\$ 10,646,482
UNCONDITIONAL GRANTS			
Revenue Sharing	\$ 480,029	\$ 480,080	\$ 446,091
(Organized Hamlet)	11,650	11,650	11,011
Safe Restart			
Other (Specify)			
Total Unconditional Grants	\$ 491,679	\$ 491,730	\$ 457,102
GRANTS IN LIEU OF TAXES			
Federal	\$ 48,100	\$ 81,060	\$ 48,096
Provincial			
S.P.C. Electrical			
SaskEnergy Gas			
TransGas			
Central Services			
SaskTel			
Other (Specify)	\$ 38,410	\$ 38,995	\$ 38,408
Local/Other			
Housing Authority			
C.P.R. Mainline			
Treaty Land Entitlement	14,000	14,080	13,753
Other (Specify)			
Other Government Transfers			
S.P.C. Surcharge			
Sask Energy Surcharge			
Other (Specify)			
Total Grants in Lieu of Taxes	\$ 100,510	\$ 134,135	\$ 100,257
TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE	\$ 11,228,189	\$ 11,325,827	\$ 11,203,841

Rural Municipality of Frenchman Butte No. 501
Schedule 2: Schedule of Operating and Capital Revenue by Function
As at December 31, 2025

Schedule 2 - 1

	2025 Budget	2025	2024
GENERAL GOVERNMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work	\$ 2,500	\$ 6,227	\$ 2,712
- Sales of supplies	2,300	2,255	2,358
- Other (Specify)	284,000	276,150	3,602
Total Fees and Charges	\$ 288,800	\$ 284,632	\$ 8,672
- Tangible capital asset sales - gain (loss)			
- Intangible capital asset sales - gain (loss)			
- Land sales - gain		1,674	23,400
- Investment income	520,000	548,636	665,025
- Commissions			
- Other (Specify)		2,252	12,190
Total Other Segmented Revenue	\$ 808,800	\$ 837,194	\$ 709,287
Conditional Grants			
- Student Employment			
- MEEP			
- Other (Specify)	15,000	10,418	3,750
Total Conditional Grants	\$ 15,000	\$ 10,418	\$ 3,750
Total Operating	\$ 823,800	\$ 847,612	\$ 713,037
Capital			
Conditional Grants			
- Canada Community-Building Fund (CCBF)			
- ICIP			
- Provincial Disaster Assistance			
- MEEP			
- Other (Specify)			
Total Capital	-	-	-
Restructuring Revenue (Specify, if any)			
Total General Government Services	\$ 823,800	\$ 847,612	\$ 713,037

PROTECTIVE SERVICES

Operating

Other Segmented Revenue			
Fees and Charges			
- Other (Fire fee, permits)	\$ 57,479	\$ 285,485	\$ 75,900
Total Fees and Charges	\$ 57,479	\$ 285,485	\$ 75,900
- Tangible capital asset sales - gain (loss)			
- Intangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	\$ 57,479	\$ 285,485	\$ 75,900
Conditional Grants			
- Student Employment			
- Local government			
- MEEP			
- Other (Specify)			
Total Conditional Grants	-	-	-
Total Operating	\$ 57,479	\$ 285,485	\$ 75,900

Capital

Conditional Grants			
- Canada Community-Building Fund (CCBF)			
- ICIP			
- Provincial Disaster Assistance			
- Local government			
- MEEP			
- Other (Specify)			
Total Capital	-	-	-
Restructuring Revenue (Specify, if any)			
Total Protective Services	\$ 57,479	\$ 285,485	\$ 75,900

Rural Municipality of Frenchman Butte No. 501
Schedule 2: Schedule of Operating and Capital Revenue by Function
As at December 31, 2025

Schedule 2 - 2

	2025 Budget	2025	2024
TRANSPORTATION SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work	\$ 36,360	\$ 35,249	\$ 28,634
- Sales of supplies	50,870	47,386	49,276
- Road Maintenance and Restoration Agreements	165,080	80,058	25,978
- Frontage			
- Other (permits)	35,000	62,065	40,092
Total Fees and Charges	\$ 287,310	\$ 224,758	\$ 143,980
- Tangible capital asset sales - gain (loss)	90,000	(22,641)	(31,712)
- Intangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	\$ 377,310	\$ 202,117	\$ 112,268
Conditional Grants			
- RIRG (CTP)			
- Student Employment			1,960
- MEEP			
- Other (Specify)			
Total Conditional Grants	\$ -	\$ -	\$ 1,960
Total Operating	\$ 377,310	\$ 202,117	\$ 114,228
Capital			
Conditional Grants			
- Canada Community-Building Fund (CCBF)	\$ 83,204	\$ 84,977	\$ 89,559
- ICIP			
- RIRG (CTP, Bridge and Large Culvert, Road Const.)	500,000	475,000	
- Provincial Disaster Assistance			
- MEEP			
- Other (Specify)			
Total Capital	\$ 583,204	\$ 559,977	\$ 89,559
Restructuring Revenue (Specify, if any)			
Total Transportation Services	\$ 960,514	\$ 762,094	\$ 203,787

ENVIRONMENTAL AND PUBLIC HEALTH SERVICES

Operating

Other Segmented Revenue			
Fees and Charges			
- Waste and Disposal Fees	\$ 3,410	\$ 3,410	\$ 3,410
- Other (pest control)	6,390	10,162	12,713
Total Fees and Charges	\$ 9,800	\$ 13,572	\$ 16,123
- Tangible capital asset sales - gain (loss)			
- Intangible capital asset sales - gain (loss)			
- Other (Specify)	6,900		
Total Other Segmented Revenue	\$ 16,700	\$ 13,572	\$ 16,123
Conditional Grants			
- Sask Health monthly payment	34,344	34,344	41,971
- Sask Health admin fee	2,400	2,400	2,400
- Clinic levy	18,207	19,046	
- MEEP			
- Other (pest control)	1,190	1,187	1,960
Total Conditional Grants	\$ 56,141	\$ 56,977	\$ 46,331
Total Operating	\$ 72,841	\$ 70,549	\$ 62,454

Capital

Conditional Grants			
- Canada Community-Building Fund (CCBF)			
- ICIP			
- TAPD			
- Provincial Disaster Assistance			
- MEEP			
- Other (Specify)			
Total Capital	-	-	-
Restructuring Revenue (Specify, if any)			
Total Environmental and Public Health Services	\$ 72,841	\$ 70,549	\$ 62,454

Rural Municipality of Frenchman Butte No. 501
Schedule 2: Schedule of Operating and Capital Revenue by Function
As at December 31, 2025

Schedule 2 - 3

	2025 Budget	2025	2024
PLANNING AND DEVELOPMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Maintenance and Development Charges	\$ 10,000	\$ 16,528	\$ 19,344
- Other (Specify)			
Total Fees and Charges	10,000	16,528	19,344
- Tangible capital asset sales - gain (loss)			
- Intangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	\$ 10,000	\$ 16,528	\$ 19,344
Conditional Grants			
- Student Employment			
- MEEP			
- Other (Specify)			
Total Conditional Grants	-	-	-
Total Operating	\$ 10,000	\$ 16,528	\$ 19,344
Capital			
Conditional Grants			
- Canada Community-Building Fund (CCBF)			
- ICIP			
- Provincial Disaster Assistance			
- MEEP			
- Other (Specify)			
Total Capital	-	-	-
Restructuring Revenue (Specify, if any)			
Total Planning and Development Services	\$ 10,000	\$ 16,528	\$ 19,344

RECREATION AND CULTURAL SERVICES

Operating

Other Segmented Revenue			
Fees and Charges			
- Other (Specify)			
Total Fees and Charges	-	-	-
- Tangible capital asset sales - gain (loss)			
- Intangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	-	-	-
Conditional Grants			
- Student Employment			
- Local government			
- MEEP			
- Other (Specify)	\$ 10,844	\$ 10,844	\$ 18,495
Total Conditional Grants	\$ 10,844	\$ 10,844	\$ 18,495
Total Operating	\$ 10,844	\$ 10,844	\$ 18,495

Capital

Conditional Grants			
- Canada Community-Building Fund (CCBF)			
- ICIP			
- Local government			
- Provincial Disaster Assistance			
- MEEP			
- Other (Specify)			
Total Capital	-	-	-
Restructuring Revenue (Specify, if any)			
Total Recreation and Cultural Services	\$ 10,844	\$ 10,844	\$ 18,495

Rural Municipality of Frenchman Butte No. 501
Schedule 2: Schedule of Operating and Capital Revenue by Function
As at December 31, 2025

Schedule 2 - 4

	2025 Budget	2025	2024
UTILITY SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Water	\$ 37,715	\$ 36,615	\$ 35,255
- Sewer	59,719	73,451	137,011
- Other (Specify)			
Total Fees and Charges	\$ 97,434	\$ 110,066	\$ 172,266
- Tangible capital asset sales - gain (loss)			
- Intangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	\$ 97,434	\$ 110,066	\$ 172,266
Conditional Grants			
- Student Employment			
- MEEP			
- Other (Specify)			
Total Conditional Grants	-	-	-
Total Operating	\$ 97,434	\$ 110,066	\$ 172,266
Capital			
Conditional Grants			
- Canada Community-Building Fund (CCBF)			
- ICIP			
- New Building Canada Fund (SCF, NRP)			
- Clean Water and Wastewater Fund			
- Provincial Disaster Assistance			
- MEEP			
- Other (Specify)			
Total Capital	-	-	-
Restructuring Revenue (Specify, if any)			
Total Utility Services	\$ 97,434	\$ 110,066	\$ 172,266
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	\$ 2,032,912	\$ 2,103,178	\$ 1,265,283

SUMMARY

Total Other Segmented Revenue	\$ 1,367,723	\$ 1,464,962	\$ 1,105,188
Total Conditional Grants	81,985	78,239	70,536
Total Capital Grants and Contributions	583,204	559,977	89,559
Restructuring Revenue	-	-	-
TOTAL REVENUE BY FUNCTION	\$ 2,032,912	\$ 2,103,178	\$ 1,265,283

Rural Municipality of Frenchman Butte No. 501
Schedule 3: Total Expenses by Function
As at December 31, 2025

Schedule 3 - 1

	2025 Budget	2025	2024
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	\$ 125,425	\$ 98,858	\$ 92,582
Wages and benefits	579,315	467,725	434,518
Professional/Contractual services	598,612	388,795	271,005
Utilities	40,000	25,912	26,295
Maintenance, materials and supplies	75,300	40,343	25,280
Grants and contributions - operating	2,728	2,728	2,728
- capital			
Amortization of Tangible Capital Assets		4,157	4,157
Amortization of Intangible capital assets			
Accretion of asset retirement obligation			
Interest			
Allowance for uncollectible	75,000	660	7,225
Other (Specify)	16,000	13,967	11,420
General Government Services	\$ 1,512,380	\$ 1,043,145	\$ 875,210
Restructuring (Specify, if any)			
Total General Government Services	\$ 1,512,380	\$ 1,043,145	\$ 875,210

PROTECTIVE SERVICES

Police protection

Wages and benefits			
Professional/Contractual services	\$ 133,661	\$ 134,602	\$ 236,491
Utilities			
Maintenance, material and supplies			
Amortization of Tangible Capital Assets			
Amortization of Intangible capital assets			
Accretion of asset retirement obligation			
Grants and contributions - operating	250	200	250
- capital			
Other (Specify)			

Fire protection

Wages and benefits	\$ 19,333	\$ 20,548	\$ 17,699
Professional/Contractual services	73,900	208,982	20,908
Utilities	6,280	5,544	6,032
Maintenance, material and supplies	16,067	15,176	21,368
Grants and contributions - operating	82,500	79,320	67,500
- capital			
Amortization of Tangible Capital Assets	11,667	11,902	12,059
Amortization of Intangible capital assets			
Interest			
Accretion of asset retirement obligation			
Other (Specify)			

Protective Services	\$ 343,658	\$ 476,274	\$ 382,307
Restructuring (Specify, if any)			
Total Protective Services	\$ 343,658	\$ 476,274	\$ 382,307

TRANSPORTATION SERVICES

Wages and benefits	\$ 1,822,662	\$ 1,666,330	\$ 1,596,384
Professional/Contractual Services	6,435,000	339,136	330,711
Utilities	24,050	24,320	22,487
Maintenance, materials, and supplies	1,452,300	869,353	854,235
Gravel	565,000	906,821	(39,757)
Grants and contributions - operating			
- capital			
Amortization of Tangible Capital Assets		2,601,546	2,504,079
Amortization of Intangible capital assets			
Interest			
Accretion of asset retirement obligation			
Other (Specify)			

Transportation Services	\$ 10,299,012	\$ 6,407,506	\$ 5,268,139
Restructuring (Specify, if any)			
Total Transportation Services	\$ 10,299,012	\$ 6,407,506	\$ 5,268,139

Rural Municipality of Frenchman Butte No. 501
Schedule 3: Total Expenses by Function
As at December 31, 2025

Schedule 3 - 2

	2025 Budget	2025	2024
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Wages and benefits	\$ 40,680	\$ 38,949	\$ 39,356
Professional/Contractual services	117,425	76,086	100,114
Utilities	2,800	2,417	2,316
Maintenance, materials and supplies	8,000	12,371	6,601
Grants and contributions - operating			
o Waste disposal			
o Public Health	22,860	23,273	13,750
- capital			
o Waste disposal			
o Public Health	30,000	30,000	25,000
Amortization of Tangible Capital Assets			
Amortization of Intangible capital assets			
Interest			
Accretion of asset retirement obligation			
Other (Specify)			
Environmental and Public Health Services	\$ 221,765	\$ 183,096	\$ 187,137
Restructuring (Specify, if any)			
Total Environmental and Public Health Services	\$ 221,765	\$ 183,096	\$ 187,137

PLANNING AND DEVELOPMENT SERVICES			
Wages and benefits			
Professional/Contractual Services	\$ 11,000	\$ 13,997	\$ 17,328
Grants and contributions - operating			
- capital			
Amortization of Tangible Capital Assets			
Amortization of Intangible capital assets			
Interest			
Accretion of asset retirement obligation			
Other (Specify)			
Planning and Development Services	\$ 11,000	\$ 13,997	\$ 17,328
Restructuring (Specify, if any)			
Total Planning and Development Services	\$ 11,000	\$ 13,997	\$ 17,328

RECREATION AND CULTURAL SERVICES			
Wages and benefits			
Professional/Contractual services	\$ 17,943	\$ 17,943	\$ 17,923
Utilities			
Maintenance, materials and supplies			
Grants and contributions - operating	103,344	107,483	92,789
- capital			
Amortization of Tangible Capital Assets		4,624	4,624
Amortization of Intangible capital assets			
Interest			
Accretion of asset retirement obligation			
Allowance for uncollectible			
Other (Specify)			
Recreation and Cultural Services	\$ 121,287	\$ 130,050	\$ 115,336
Restructuring (Specify, if any)			
Total Recreation and Cultural Services	\$ 121,287	\$ 130,050	\$ 115,336

Rural Municipality of Frenchman Butte No. 501

Schedule 3: Total Expenses by Function

As at December 31, 2025

Schedule 3 - 3

	2025 Budget	2025	2024
UTILITY SERVICES			
Wages and benefits	\$ 200	\$ 193	\$ 231
Professional/Contractual services	491,570	54,532	153,211
Utilities	34,330	30,291	31,200
Maintenance, materials and supplies	32,950	10,437	27,891
Grants and contributions - operating	4,500	4,500	4,500
- capital			
Amortization of Tangible Capital Assets		84,639	84,639
Amortization of Intangible capital assets			
Interest			
Accretion of asset retirement obligation			
Allowance for Uncollectible			
Other (Specify)			
Utility Services	\$ 563,550	\$ 184,592	\$ 301,672
Restructuring (Specify, if any)			
Total Utility Services	\$ 563,550	\$ 184,592	\$ 301,672
 TOTAL EXPENSES BY FUNCTION	 \$ 13,072,652	 \$ 8,438,660	 \$ 7,147,129

Rural Municipality of Frenchman Butte No. 501
Schedule 4: Consolidated Schedule of Segment Disclosure by Function
As at December 31, 2025

Schedule 4

Revenues (Schedule 2)		General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Fees and Charges		\$ 284,632	\$ 285,485	\$ 224,758	\$ 13,572	\$ 16,528	\$ -	\$ 110,066	\$ 935,041
Tangible Capital Asset Sales - Gain		-	-	(22,641)	-	-	-	-	(22,641)
Intangible Capital Asset Sales - Gain		-	-	-	-	-	-	-	-
Land Sales - Gain		1,674	-	-	-	-	-	-	1,674
Investment Income		548,636	-	-	-	-	-	-	548,636
Commissions		-	-	-	-	-	-	-	-
Other Revenues		2,252	-	-	-	-	-	-	2,252
Grants - Conditional		10,418	-	-	56,977	-	10,844	-	78,239
- Capital		-	-	559,977	-	-	-	-	559,977
Restructurings		-	-	-	-	-	-	-	-
Total Revenues		\$ 847,612	\$ 285,485	\$ 762,094	\$ 70,549	\$ 16,528	\$ 10,844	\$ 110,066	\$ 2,103,178
Expenses (Schedule 3)									
Wages & Benefits		\$ 566,583	\$ 20,548	\$ 1,666,330	\$ 38,949	\$ -	\$ -	\$ 193	\$ 2,292,603
Professional/ Contractual Services		388,795	343,584	339,136	76,086	13,997	17,943	54,532	1,234,073
Utilities		25,912	5,544	24,320	2,417	-	-	30,291	88,484
Maintenance Materials and Supplies		40,343	15,176	1,776,174	12,371	-	-	10,437	1,854,501
Grants and Contributions		2,728	79,520	-	53,273	-	107,483	4,500	247,504
Amortization of Tangible Capital Assets		4,157	11,902	2,601,546	-	-	4,624	84,639	2,706,868
Amortization of Intangible capital assets		-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-
Accretion of asset retirement obligation		-	-	-	-	-	-	-	-
Allowance for Uncollectible		660	-	-	-	-	-	-	660
Restructurings		-	-	-	-	-	-	-	-
Other		13,967	-	-	-	-	-	-	13,967
Total Expenses		\$ 1,043,145	\$ 476,274	\$ 6,407,506	\$ 183,096	\$ 13,997	\$ 130,050	\$ 184,592	\$ 8,438,660
Surplus (Deficit) by Function		\$ (195,533)	\$ (190,789)	\$ (5,645,412)	\$ (112,547)	\$ 2,531	\$ (119,206)	\$ (74,526)	\$ (6,335,482)
Taxes and other unconditional revenue (Schedule 1)									
									11,325,827
Net Surplus (Deficit)									
									\$ 4,990,345

Rural Municipality of Frenchman Butte No. 501

Schedule 5: Consolidated Schedule of Segment Disclosure by Function

As at December 31, 2024

Schedule 5

	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and Charges	\$ 8,672	\$ 75,900	\$ 143,980	\$ 16,123	\$ 19,344	\$ -	\$ 172,266	\$ 436,285
Tangible Capital Asset Sales - Gain	-	-	(31,712)	-	-	-	-	(31,712)
Intangible Capital Asset Sales - Gain	-	-	-	-	-	-	-	-
Land Sales - Gain	23,400	-	-	-	-	-	-	23,400
Investment Income	665,025	-	-	-	-	-	-	665,025
Commissions	-	-	-	-	-	-	-	-
Other Revenues	12,190	-	-	-	-	-	-	12,190
Grants - Conditional	3,750	-	1,960	46,331	-	18,495	-	70,536
- Capital	-	-	89,559	-	-	-	-	89,559
Restructurings	-	-	-	-	-	-	-	-
Total Revenues	\$ 713,037	\$ 75,900	\$ 203,787	\$ 62,454	\$ 19,344	\$ 18,495	\$ 172,266	\$ 1,265,283
Expenses (Schedule 3)								
Wages & Benefits	\$ 527,100	\$ 17,699	\$ 1,596,384	\$ 39,356	\$ -	\$ -	\$ 231	\$ 2,180,770
Professional/ Contractual Services	271,005	257,399	330,711	100,114	17,328	17,923	153,211	1,147,691
Utilities	26,295	6,032	22,487	2,316	-	-	31,200	88,330
Maintenance Materials and Supplies	25,280	21,368	814,478	6,601	-	-	27,891	895,618
Grants and Contributions	2,728	67,750	-	38,750	-	92,789	4,500	206,517
Amortization of Tangible Capital Assets	4,157	12,059	2,504,079	-	-	4,624	84,639	2,609,558
Amortization of Intangible capital assets	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Accretion of asset retirement obligation	-	-	-	-	-	-	-	-
Allowance for Uncollectible	7,225	-	-	-	-	-	-	7,225
Restructurings	-	-	-	-	-	-	-	-
Other	11,420	-	-	-	-	-	-	11,420
Total Expenses	\$ 875,210	\$ 382,307	\$ 5,268,139	\$ 187,137	\$ 17,328	\$ 115,336	\$ 301,672	\$ 7,147,129
Surplus (Deficit) by Function	\$ (162,173)	\$ (306,407)	\$ (5,064,352)	\$ (124,683)	\$ 2,016	\$ (96,841)	\$ (129,406)	\$ (5,881,846)

Taxes and other unconditional revenue (Schedule 1)

11,203,841

Net Surplus (Deficit)

\$ 5,321,995

Rural Municipality of Frenchman Butte No. 501
Schedule 6: Consolidated Schedule of Tangible Capital Assets by Object
As at December 31, 2025

Schedule 6

2024

2025

	General Assets						Infrastructure Assets		General/ Infrastructure Assets Under Construction	Total
	Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment	Linear assets	Public Private Partnerships			
Asset cost										
Opening Asset costs	\$ 260,373	\$ 2,159,370	\$ 2,455,311	\$ 730,316	\$ 7,103,937	\$ 70,613,041			\$ 28,454,598	\$ 109,392,503
Additions during the year			7,020		1,623,039	7,023,598			255,918	2,815,145
Disposals and write-downs during the year					(537,216)				(537,216)	(430,702)
Transfers (from) assets under construction									-	-
Transfer of Capital Assets related to restructuring (Schedule 13)									-	-
Closing Asset Costs	\$ 260,373	\$ 2,159,370	\$ 2,462,331	\$ 730,316	\$ 8,189,760	\$ 77,636,639	\$ -		\$ 28,710,516	\$ 111,776,946
Amortization										
Accumulated Amortization Cost										
Opening Accumulated Amortization Costs		\$ 212,990	\$ 464,225	\$ 357,310	\$ 2,937,783	\$ 20,155,952			\$ 24,128,260	\$ 21,799,404
Add: Amortization taken		32,096	54,484	57,178	578,795	1,984,315			2,706,868	2,609,558
Less: Accumulated amortization on disposals					(339,588)				(339,588)	(280,702)
Transfer of Capital Assets related to restructuring (Schedule 13)									-	-
Closing Accumulated Amortization	\$ -	\$ 245,086	\$ 518,709	\$ 414,488	\$ 3,176,990	\$ 22,140,267	\$ -		\$ 26,495,540	\$ 24,128,260
Net Book Value	\$ 260,373	\$ 1,914,284	\$ 1,943,622	\$ 315,828	\$ 5,012,770	\$ 55,496,372	\$ -		\$ 93,653,765	\$ 87,648,686

1. Total contributed/donated assets received in 2025

2. List of assets recognized at nominal value in 2025 are:

- Infrastructure Assets

- Vehicles

- Machinery and Equipment

3. Amount of interest capitalized in Schedule 6

4.

Rural Municipality of Frenchman Butte No. 501
Schedule 7: Consolidated Schedule of Tangible Capital Assets by Function
As at December 31, 2025

Schedule 7

	2025						2024	
	General Government	Protective Services	Transportation Services	Environmental & Public Health	Planning & Development	Recreation & Culture	Water & Sewer	Total
Asset cost								
Opening Asset costs	\$ 1,040,871	\$ 355,227	\$ 96,762,688	\$ 240		\$ 75,819	\$ 13,542,101	\$ 109,392,503
Additions during the year	325,120		8,584,455					2,815,145
Disposals and write-downs during the year			(537,216)					(430,702)
Transfer of Capital Assets related to restructuring (Schedule 13)								
Closing Asset Costs	\$ 1,365,991	\$ 355,227	\$ 104,809,927	\$ 240	\$ -	\$ 75,819	\$ 13,542,101	\$ 111,776,946
Amortization								
Opening Accumulated Amortization Costs	\$ 73,983	\$ 159,939	\$ 23,252,579			\$ 32,368	\$ 609,391	\$ 21,799,404
Add: Amortization taken	4,157	11,902	2,601,546			4,624	84,639	2,609,558
Less: Accumulated amortization on disposals			(339,588)					(280,702)
Transfer of Capital Assets related to restructuring (Schedule 13)								
Closing Accumulated Amortization Costs	\$ 78,140	\$ 171,841	\$ 25,514,537	\$ -	\$ -	\$ 36,992	\$ 694,030	\$ 24,128,260
Net Book Value	\$ 1,287,851	\$ 183,386	\$ 79,295,390	\$ 240	\$ -	\$ 38,827	\$ 12,848,071	\$ 87,648,686

Rural Municipality of Frenchman Butte No. 501
Schedule 8: Consolidated Schedule of Accumulated Surplus
As at December 31, 2025

Schedule 8

	2024	Changes	2025
UNAPPROPRIATED SURPLUS	\$ 11,791,192	\$ (3,037,340)	\$ 8,753,852

APPROPRIATED RESERVES

Dust Control	\$ 40,000		\$ 40,000
Future expenditures	2,000,000		2,000,000
EMO	20,000		20,000
Fire	450,000	-	450,000
Ft Pitt Fire Department	10,000		10,000
Health Care/SHA	397,186	6,489	403,675
Machinery and equipment	583,350		583,350
Public reserve	14,350	1,000	15,350
Recreation	8,040		8,040
Fire equipment reserve	6,494		6,494
Residential road allowance	100,000		100,000
Road construction	3,750,000	2,000,000	5,750,000
Total Appropriated	\$ 7,379,420	\$ 2,007,489	\$ 9,386,909

ORGANIZED HAMLETS (add lines if required)

Organized Hamlet of (Name)	\$ 215,057	\$ 15,117	\$ 230,174
Organized Hamlet of (Name)			-
Organized Hamlet of (Name)			-
Organized Hamlet of (Name)			-
Organized Hamlet of (Name)			-
Organized Hamlet of (Name)			-
Total Organized Hamlets	\$ 215,057	\$ 15,117	\$ 230,174

NET INVESTMENT IN CAPITAL ASSETS

Tangible capital assets (Schedule 6, 7)	\$ 87,648,686	\$ 6,005,079	\$ 93,653,765
Intangible capital assets (Schedule 8, 9)	-	-	-
Less: Related debt			-
Net Investment in Capital Assets	\$ 87,648,686	\$ 6,005,079	\$ 93,653,765

Accumulated Surplus (Deficit) excluding remeasurement gains (losses)	\$ 107,034,355	\$ 4,990,345	\$ 112,024,700
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Rural Municipality of Frenchman Butte No. 501
Schedule 9: Schedule of Mill Rates and Assessments
As at December 31, 2025

Schedule 9

	PROPERTY CLASS						Total
	Agriculture	Residential	Residential Condominium	Seasonal Residential	Commercial & Industrial	Potash Mine(s)	
Taxable Assessment	\$ 257,347,055	\$ 66,559,985		\$ 24,717,440	\$ 274,301,970		\$ 622,926,450
Regional Park Assessment							
Total Assessment							622,926,450
Mill Rate Factor(s)	1.1160	1.1160		11,160.0000	6.3160		
Total Base/Minimum Tax (generated for each property class)		14,125			375		14,500
Total Municipal Tax Levy (include base and/or minimum tax and special levies)	\$ 1,249,355	\$ 332,401		\$ 119,993	\$ 9,338,963		\$ 11,040,712

MILL RATES:

MILLS

Average Municipal*	17.72
Average School*	4.35
Potash Mill Rate	
Uniform Municipal Mill Rate	4.35

* Average Mill Rates (multiply the total tax levy for each taxing authority by 1000 and divide by the total assessment for the taxing authority).

Rural Municipality of Frenchman Butte No. 501
Schedule 10: Schedule of Council Remuneration
As at December 31, 2025

Schedule 10

Position	Name	Remuneration	Reimbursed Costs	Total
Reeve	Hougham, Tom	\$ 14,494		\$ 14,494
Councillor	Gory, Ronald	9,690		9,690
Councillor	Larre, Leonard	11,063		11,063
Councillor	Noeth, Gay	11,625		11,625
Councillor	Priest, Evan	8,419		8,419
Councillor	Trotzuk, Doug	15,975		15,975
Councillor	Zeller, Carri	7,706		7,706
Total		\$ 78,972	\$ -	\$ 78,972