Annual Financial Statements

And Supporting Schedules

For The

Rural Municipality of Hillsdale No. 440

As at December 31, 2025

Management's Responsibility for Financial Reporting

The financial statements of Rural Municipality of Hillsdale No. 440 have been prepared in accordance with Canadian public sector accounting standards (PSAS). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Rural Municipality of Hillsdale No. 440's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council is responsible for the design, implementation and maintenance of internal control to prevent and detect fraud. The Council is composed of elected officials, who are not employees of the municipality, and meets periodically with management to review significant accounting, reporting and internal control matters. The Council is also responsible for the approval of the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by HRO Chartered Professional Accountants, in accordance with Canadian public sector accounting standards.

June 11, 2026

Date

Reeve

Administrator

HRO
AN ASSOCIATION OF
CHARTERED PROFESSIONAL
ACCOUNTANTS

ADDRESS:
1321 101ST STREET
NORTH BATTLEFORD, SK S9A 0Z9

PHONE: 306-445-6291
FAX: 306-445-3882
EMAIL: info@hrocpa.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of Rural Municipality of Hillsdale No. 440

Qualified Opinion

We have audited the financial statements of Rural Municipality of Hillsdale No. 440 (the Municipality), which comprise the statement of financial position as at December 31, 2025, and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality 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 municipality has interests in Cut Knife & District Fire Association, Maidstone Waseca & District Fire Board, Neilburg Fire Board, R.M. of Manitou Lake Fire & Rescue Co-operative Ltd., West Yellowhead Waste Resource Authority Inc., and Highway 40 Health Holdings Board (Note 1a). The municipality has not recorded these interests in its financial statments using the proportionate consolidation method, which constitutes a departure from Canadian Public Sector Accounting Standards. The effect on the financial statements has not been determined for the fiscal 2025 and 2024 years. Our audit opinion on the financial statements for the year ended December 31, 2024 was modified accordingly because of the possible effects of this limitation of 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 Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 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.

(continues)

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

Those charged with governance are responsible for overseeing the Municipality'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 Municipality'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 Municipality'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 Municipality 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.

HRO

North Battleford, Saskatchewan
June 11, 2026

Chartered Professional Accountants

Rural Municipality of Hillsdale No. 440

Statement 1: Statement of Financial Position

As at December 31, 2025

Statement 1

		2025	2024
FINANCIAL ASSETS			
	Cash and Cash Equivalents (Note 2)	$ 9,268,144	$ 8,566,107
	Investments (Note 3)	2,356,345	2,140,499
	Taxes Receivable - Municipal (Note 4)	198,677	186,881
	Other Accounts Receivable (Note 5)	240,376	410,455
	Assets Held for Sale (Note 6)	64,495	29,108
	Long-Term Receivable (Note 7)	367,831	329,901
	Debt Charges Recoverable		
	Derivative Assets		
	Other (Specify)		
Total Financial Assets		12,495,868	11,662,951
LIABILITIES			
	Bank Indebtedness (Note 8)		
	Accounts Payable	507,498	411,528
	Accrued Liabilities Payable	6,352	7,562
	Derivative Liabilities		
	Deposits		
	Deferred Revenue (Note 9)	8,750	8,750
	Asset Retirement Obligation		
	Liability for Contaminated Sites		
	Other Liabilities		
	Long-Term Debt (Note 10)	4,684,008	5,575,688
	Lease Obligations		
Total Liabilities		5,206,608	6,003,528
NET FINANCIAL ASSETS (DEBT)		7,289,260	5,659,423
NON-FINANCIAL ASSETS			
	Tangible Capital Assets (Schedule 6, 7)	26,512,209	26,328,622
	Prepayments and Deferred Charges	74,920	42,701
	Stock and Supplies	1,089,989	1,397,660
	Other (Gravel Pit) (Note 11)	8,602,135	8,602,135
Total Non-Financial Assets		36,279,253	36,371,118
ACCUMULATED SURPLUS (DEFICIT)		$ 43,568,513	$ 42,030,541
	Accumulated surplus (deficit) is comprised of:		
	Accumulated Surplus (Deficit) excluding remeasurement gains (losses) (Schedule 8)	$ 43,568,513	$ 42,030,541
	Accumulated remeasurement gains (losses) (Statement 5)	$ -	$ -

Contingent Liabilities (Note 12)

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

Rural Municipality of Hillsdale No. 440

Statement 2: Statement of Operations and Accumulated Surplus

As at December 31, 2025

Statement 2

	2025 Budget	2025	2024
REVENUES			
Tax Revenue (Schedule 1)	$ 4,927,630	$ **5,132,880**	$ 4,808,600
Other Unconditional Revenue (Schedule 1)	393,868	**393,910**	359,639
Fees and Charges (Schedule 4, 5)	262,162	**322,934**	352,682
Conditional Grants (Schedule 4, 5)	107,386	**109,389**	100,927
Tangible Capital Asset Sales - Gain (Loss) (Schedule 4, 5)	-	**66,290**	(5,729)
Land Sales - Gain (Schedule 4, 5)	-	-	-
Investment Income (Note 3) (Schedule 4, 5)	325,000	**374,211**	452,723
Commissions (Schedule 4, 5)	750	**758**	751
Restructurings (Schedule 4,5)	-	-	-
Other Revenues (Schedule 4, 5)	2,162	**10,757**	16,196
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	34,000	**33,894**	33,855
Total Revenues	**6,052,958**	**6,445,023**	**6,119,644**
EXPENSES			
General Government Services (Schedule 3)	706,295	**782,266**	635,342
Protective Services (Schedule 3)	230,335	**139,146**	218,885
Transportation Services (Schedule 3)	3,661,126	**3,734,586**	3,792,737
Environmental and Public Health Services (Schedule 3)	96,499	**99,553**	102,453
Planning and Development Services (Schedule 3)	18,031	**18,734**	17,970
Recreation and Cultural Services (Schedule 3)	136,938	**132,766**	139,708
Utility Services (Schedule 3)	-	-	-
Restructurings (Schedule 3)	-	-	-
Total Expenses	**4,849,224**	**4,907,051**	**4,907,095**
Annual Surplus (Deficit) of Revenues over Expenses	**1,203,734**	**1,537,972**	**1,212,549**
Accumulated Surplus (Deficit) excluding remeasurement gains (losses), Beginning of Year	42,030,541	**42,030,541**	40,817,992
Accumulated Surplus (Deficit) excluding remeasurement gains (losses), End of Year	**$ 43,234,275**	**$ 43,568,513**	**$ 42,030,541**

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

Rural Municipality of Hillsdale No. 440

Statement 3: 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	$ 1,203,734	$ 1,537,972	$ 1,212,549
(Acquisition) of tangible capital assets		(2,260,167)	(1,006,685)
Amortization of tangible capital assets		1,909,670	2,094,891
Proceeds on disposal of tangible capital assets		233,200	18,000
Loss (gain) on the disposal of tangible capital assets		(66,290)	5,729
Transfer of assets/liabilities in restructuring transactions		-	-
Surplus (Deficit) of capital expenses over expenditures	**-**	**(183,587)**	**1,111,935**
(Acquisition) of supplies inventories		307,671	(796,077)
(Acquisition) of prepaid expense		(32,219)	12,790
Use of gravel pit		-	582,771
Consumption of supplies inventory			
Use of prepaid expense			
Surplus (Deficit) of expenses of other non-financial over expenditures	**-**	**275,452**	**(200,516)**
Unrealized remeasurement gains (losses)	-	-	-
Increase/Decrease in Net Financial Assets	**1,203,734**	**1,629,837**	**2,123,968**
Net Financial Assets (Debt) - Beginning of Year		5,659,423	3,535,455
Net Financial Assets (Debt) - End of Year		**$ 7,289,260**	**$ 5,659,423**

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

Rural Municipality of Hillsdale No. 440
Statement 4: 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	$ 1,537,972	$ 1,212,549
Amortization	1,909,670	2,094,891
Loss (gain) on disposal of tangible capital assets	(66,290)	5,729
	3,381,352	3,313,169
Change in assets/liabilities		
Taxes Receivable - Municipal	(11,796)	(63,540)
Other Receivables	170,079	91,479
Assets Held for Sale	(35,387)	-
Long-Term Receivable	(37,930)	(31,642)
Other Financial Assets	-	-
Accounts and Accrued Liabilities Payable	94,760	(316,958)
Derivative Liabilities (*if applicable)*	-	-
Deposits	-	-
Deferred Revenue	-	-
Asset Retirement Obligation	-	-
Liability for Contaminated Sites	-	-
Other Liabilities	-	-
Stock and Supplies	307,671	(796,077)
Prepayments and Deferred Charges	(32,219)	12,790
Other (Gravel Pit)	-	582,771
Cash provided by operating transactions	**3,836,530**	**2,791,992**
Capital:		
Acquisition of capital assets	(2,260,167)	(1,006,685)
Proceeds from the disposal of capital assets	233,200	18,000
Cash applied to capital transactions	**(2,026,967)**	**(988,685)**
Investing:		
Decrease (increase) in restricted cash	-	-
Proceeds from disposal of investments		
Decrease (increase) in investments	(215,846)	(92,021)
Cash provided by (applied to) investing transactions	**(215,846)**	**(92,021)**
Financing:		
Debt charges recovered		
Long-term debt issued		
Long-term debt repaid	(891,680)	(877,206)
Other financing		
Cash provided by (applied to) financing transactions	**(891,680)**	**(877,206)**
Change in Cash and Cash Equivalents during the year	**702,037**	**834,080**
Cash and Cash Equivalents - Beginning of Year	8,566,107	7,732,027
Cash and Cash Equivalents - End of Year	**$ 9,268,144**	**$ 8,566,107**
Cash and cash equivalents is made up of:		
Cash and cash equivalents (Note 2)	9,268,144	8,566,107
Less: restricted portion of cash and cash equivalents (Note 2)	-	-
Temporary bank indebtness		
	$ 9,268,144	**$ 8,566,107**

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

Rural Municipality of Hillsdale No. 440
Statement 5: Statement of Remeasurement Gains and Losses
As at December 31, 2025

Statement 5

	2025	2024
Accumulated remeasurement gains (losses) at the beginning of the year:	-	-
Unrealized gains (losses) attributable to (Note 3):		
Derivatives		
Equity Investments measured at fair value		
Foreign exchange (if applicable)		
	-	-
Amounts reclassified to the Statement of Operations (Note 3):		
Derivatives		
Equity Investments measured at fair value		
Foreign exchange (if applicable)		
	-	-
Net remeasurement gains (losses) for the year	-	-
Accumulated remeasurement gains(losses) at end of year	-	-

Rural Municipality of Hillsdale No. 440
Notes to the Financial Statements
As at December 31, 2025

1. Significant Accounting Policies

The 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 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
Rural Municipality of Hillsdale No. 440

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:

Cut Knife & District Fire Association - not consolidated
Maidstone Waseca & District Fire Board - not consolidated
Neilburg Fire Board - not consolidated
R.M. of Manitou Lake Fire & Rescue Co-operative Ltd. - not consolidated
Highway 40 Health Holdings Board - not consolidated
West Yellowhead Waste Resource Authority Inc. (WYWRA)

The municipality is unable to consolidate the above partnerships because audited financial statements at December 31, 2025 for each are unavailable at the time of completion.

b) **Collection of funds for other authorities:** Collection of funds by the municipality for school boards, municipal hall 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.

e) **Revenue** - Revenue source(s) from transactions with no performance obligations is recognized as revenue on the accrual basis. Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues, provided the amount to be received can be reasonably estimated and collection is reasonably assured.

The municipality's sources of revenue include the following:
i. Property tax revenue - see note 1) j)
ii. Fees and services - revenue from fees and services are recognized in the year they are earned
iii. Government transfers - see note 1) c)
iv. Interest and dividends - see note 1) k)
v. Other (Non-Government Transfer) contributions - see note 1) d)

For Revenue items with related performance obligations: Contracts are recorded as revenue as the service or contract activity is performed, provided that at the time of performance ultimate collection is reasonably assured. If payment is not received at the time the service or contract activity is performed, accounts receivable will be recorded.

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 performanc 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 - 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.

1. Significant Accounting Policies - continued

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 8.

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. 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 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 receivables: 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:

Financial Statement line item	Measurement
Cash & Cash Equivalents	Cost and amortized cost
Investments	Fair value and 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

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.

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:

Asset	***Useful Life***
General Assets	
Land	Indefinite
Land Improvements	15 Yrs
Buildings	40 Yrs
Vehicles & Equipment	
Vehicles	10 Yrs
Machinery and Equipment	3 to 20 Yrs
Leased capital assets	Lease term
Infrastructure Assets	
Infrastructure Assets	
Road Network Assets	15 to 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 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 straight-line basis, over their estimated useful lives. 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:** The municipality does not have any public private partnership arrangements at December 31, 2025.

o) **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.

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.

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.
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.

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 ***April 10, 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) **Tax Title Property:** Property acquired through the tax enforcement process and temporarily held is recorded at the lesser of the carrying amount (cost equal to the outstanding taxes including any applicable penalties up to the date of acquisition plus any costs necessary to maintain after acquisition) and the net recoverable amount. Impairment losses are not reversed in subsequent years, if net recoverable value subsequently increases.

w) **Land Sales:** Land sales are recognized in the financial statements as revenues in the period in which the contract is signed and the ability to collect is reasonably assured.

1. **Significant Accounting Policies - continued**

x) **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 are 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.

y) **Loan Guarantees:** The municipality provides loan guarantees for various organizations, which are not consolidated as part of the municipality's Statements. As the 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 organizations, 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 Statements.

Rural Municipality of Hillsdale No. 440
Notes to the Financial Statements
As at December 31, 2025

2. Cash and Cash Equivalents

	2025	2024
Cash	$ 9,268,144	$ 8,566,107
Short-term investments - amortized cost		
Restricted Cash		
Total Cash and Cash Equivalents	**$ 9,268,144**	**$ 8,566,107**

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.

The municipality has not set aside funds (restricted cash) to finance future expenditures based upon appropriated reserves (Schedule 8) determined by council; these funds are internally restricted. The appropriated reserves are under funded by $5,442,239 (2024 - $5,441,939). However, there are sufficient funds in the general account to fund the reserves.

3. Investments

	2025	2024
Investments carried at cost:		
Lloydminster & District Co-op. - equity	$ 20,180	$ 20,041
Lloydminster & District Co-op. - shares	10	10
Pine Island Lodge - shares	100	100
Synergy Credit Union - equity	10,000	10,000
Synergy Credit Union - shares	5	5
Synergy Credit Union - term deposits	2,226,050	2,110,343
West Yellowhead Waste Resource Authority - shares	100,000	
Total investments	**$ 2,356,345**	**$ 2,140,499**

Short-term notes and deposits have effective interest rates of 3.35% (2024 - 5.50%) and mature in two years.

	2025	2024
Investment Income		
Interest	$ 351,648	$ 433,911
Dividends	22,557	18,812
Total investment income	**$ 374,205**	**$ 452,723**

For those instruments measured at cost, the carrying value approximates fair value.

4. Taxes Receivable - Municipal

		2025	2024
Municipal	- Current	$ 198,385	$ 171,234
	- Arrears	7,308	22,663
		205,693	193,897
	- Less Allowance for Uncollectible	(7,016)	(7,016)
Total municipal taxes receivable		198,677	186,881
School	- Current	29,626	27,002
	- Arrears	1,047	4,301
Total taxes to be collected on behalf of School Divisions		30,673	31,303
Other			
Total taxes and grants in lieu receivable or to be collected on behalf of other organizations		229,350	218,184
Deduct taxes to be collected on behalf of other organizations		(30,673)	(31,303)
Total Taxes Receivable - Municipal		**$ 198,677**	**$ 186,881**

Rural Municipality of Hillsdale No. 440

Notes to the Financial Statements

As at December 31, 2025

5. Other Accounts Receivable

	2025	2024
Federal Government	$ 41,436	$ 20,312
Provincial Government	16,211	
Local Government	109,760	139,418
Utility		
Trade	72,969	250,725
Other (Specify)		
Total Other Accounts Receivable	240,376	410,455
Less: Allowance for Uncollectible		
Net Other Accounts Receivable	**$ 240,376**	**$ 410,455**

6. Assets Held for Sale

	2025	2024
Tax Title Property	$ 64,495	$ 29,108
Allowance for market value adjustment		
Net Tax Title Property	64,495	29,108
Other Land		
Allowance for market value adjustment		
Net Other Land	-	-
Other (Describe)	-	-
Total Assets Held for Sale	**$ 64,495**	**$ 29,108**

7. Long-Term Receivable

	2025	2024
Sask Assoc. of Rural Municipalities - Self Insurance Fund	$ 62,805	$ 55,913
Sask Assoc. of Rural Municipalities - Tax Loss Compensation Fund	305,026	273,988
Other (Specify)		
Total Long-Term Receivables	**$ 367,831**	**$ 329,901**

8. Credit Facility Agreement

The municipality has a credit facility agreement with its financial institution that covers a revolving operating line of credit in the amount of $750,000 (2024 - $750,000) and credit cards with a limit of $20,000 (2024 - $20,000).

Interest on the line of credit is 4.45% (2024 - 5.45%). Security for the line of credit is the assignment of the municipality's municipal taxes receivable. There was no balance owing at year end under this line of credit in 2025 or 2024.

Credit card interest is 19.99%. Any balance owing is included in the accounts payable at year end.

Rural Municipality of Hillsdale No. 440

Notes to the Financial Statements

As at December 31, 2025

9. Deferred Revenue	2024	Externally Restricted Inflows	Revenue Earned	2025
Prepaid lease fees	$ 8,750			$ 8,750
Total Deferred Revenue	$ 8,750			**$ 8,750**

10. Long-Term Debt

The debt limit of the municipality is $5,523,284. 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)).

Debenture debt has been issued by the Saskatchewan Municipal Board for financing a gravel pit. Annual payments are $983,679 including interest at 1.65%. The debt is due December, 2030.

Future principal and interest payments are as follows:

Year	Principal	Interest	Current Year Total	Prior Year Principal
2025				$ 891,680
2026	$ 906,393	$ 77,286	$ 983,679	906,393
2027	921,348	62,331	983,679	921,348
2028	936,551	47,128	983,679	936,551
Thereafter	1,919,716	47,642	1,967,358	1,919,716
Balance	**$ 4,684,008**	**$ 234,387**	**$ 4,918,395**	**$ 5,575,688**

11. Other Non-financial Assets	2025	2024
Gravel Pit	**$ 8,602,135**	$ 8,602,135

The gravel pit is a purchased deposit valued at cost.

12. 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.

13. 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 $53,412 (2024 - $50,515). 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.

Total current service contributions by the municipality to the MEPP in 2025 were $53,412 (2024 - $50,515). Total current service contributions by the employees of the municipality to the MEPP in 2025 were $53,412 (2024 - $50,515).

At December 31, 2024, the MEPP disclosed an actuarial deficiency/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
Defined Contribution Plans: The municipality's employees participate in a defined contribution pension plan. The municipality's contributio plan are expensed when due.

14. Comparative Figures

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

Rural Municipality of Hillsdale No. 440

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	$ 4,856,080	$ 5,070,213	$ 5,189,071
Abatements and adjustments	(10,000)	(14,189)	(488,139)
Discount on current year taxes			
Net Municipal Taxes	4,846,080	5,056,024	4,700,932
Potash tax share			
Trailer license fees			
Penalties on tax arrears	35,000	17,074	57,094
Special tax levy			
Other (Specify)			
Total Taxes	**4,881,080**	**5,073,098**	**4,758,026**
UNCONDITIONAL GRANTS			
Revenue Sharing	393,868	393,910	359,639
(Organized Hamlet)			
Safe Restart			
Other (Specify)			
Total Unconditional Grants	**393,868**	**393,910**	**359,639**
GRANTS IN LIEU OF TAXES			
Federal			
Provincial			
S.P.C. Electrical			
SaskEnergy Gas			
TransGas			
Central Services			
SaskTel	25,000	26,975	23,126
Other (Sask. Environment & Resource Management)	1,550	1,634	1,550
Local/Other			
Housing Authority			
C.P.R. Mainline			
Treaty Land Entitlement	20,000	31,173	25,898
Other (Specify)			
Other Government Transfers			
S.P.C. Surcharge			
Sask Energy Surcharge			
Other (Specify)			
Total Grants in Lieu of Taxes	**46,550**	**59,782**	**50,574**
TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE	**$ 5,321,498**	**$ 5,526,790**	**$ 5,168,239**

Rural Municipality of Hillsdale No. 440
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	$ 2,000	$ 6,053	$ 1,406
- Sales of supplies	2,500	2,032	2,121
- Other (Tax certificates and general office services)	2,000	4,836	4,499
Total Fees and Charges	6,500	12,921	8,026
- Tangible capital asset sales - gain (loss)			
- Land sales - gain			
- Investment income	325,000	374,211	452,723
- Commissions	750	758	751
- Other (SARM and WCB)		5,278	13,534
Total Other Segmented Revenue	332,250	393,168	475,034
Conditional Grants			
- Student Employment	91,821	72,515	66,563
- MEEP			
- Other (Specify)			
Total Conditional Grants	91,821	72,515	66,563
Total Operating	424,071	465,683	541,597
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	**424,071**	**465,683**	**541,597**
PROTECTIVE SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Other (Fire fees)		7,095	10,579
Total Fees and Charges	-	7,095	10,579
- Tangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	-	7,095	10,579
Conditional Grants			
- Student Employment			
- Local government			
- MEEP			
- Other (Specify)			
Total Conditional Grants	-	-	-
Total Operating	-	7,095	10,579
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	**-**	**7,095**	**10,579**

Rural Municipality of Hillsdale No. 440
Schedule 2: Schedule of Operating and Capital Revenue by Function
As at December 31, 2025

	2025 Budget	2025	2024
TRANSPORTATION SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work	13,000	42,855	31,069
- Sales of supplies	500	2,424	1,513
- Road Maintenance and Restoration Agreements	38,000	58,443	96,560
- Frontage			
- Other (Licenses and permits)	21,500	22,950	23,700
Total Fees and Charges	73,000	126,672	152,842
- Tangible capital asset sales - gain (loss)		66,290	(5,729)
- Other (Specify)			
Total Other Segmented Revenue	73,000	192,962	147,113
Conditional Grants			
- RIRG (CTP)	14,565	14,565	14,565
- Student Employment			
- MEEP			
- Other (Civic addressing grant)		1,370	
Total Conditional Grants	14,565	15,935	14,565
Total Operating	87,565	208,897	161,678
Capital			
Conditional Grants			
- Canada Community-Building Fund (CCBF)	34,000	32,894	33,855
- ICIP			
- RIRG (CTP, Bridge and Large Culvert, Road Const.)			
- Provincial Disaster Assistance			
- MEEP			
- Other (Specify)			
Total Capital	34,000	32,894	33,855
Restructuring Revenue (Specify, if any)			
Total Transportation Services	**121,565**	**241,791**	**195,533**

	2025 Budget	2025	2024
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Waste and Disposal Fees	5,000	5,392	5,453
- Other (Specify)			
Total Fees and Charges	5,000	5,392	5,453
- Tangible capital asset sales - gain (loss)			
- Other (Cemetery & Vet Service Board)	2,162	5,479	2,662
Total Other Segmented Revenue	7,162	10,871	8,115
Conditional Grants			
- Student Employment			
- TAPD			
- Local government			
- MEEP			
- Other (PREP/IWP/MMSW)	1,000	20,939	19,799
Total Conditional Grants	1,000	20,939	19,799
Total Operating	8,162	31,810	27,914
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	**8,162**	**31,810**	**27,914**

Rural Municipality of Hillsdale No. 440
Schedule 2: Schedule of Operating and Capital Revenue by Function
As at December 31, 2025

	2025 Budget	2025	2024
PLANNING AND DEVELOPMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Maintenance and Development Charges		450	2,100
- Other (Pasture and oil well surface lease)	177,662	169,164	171,632
Total Fees and Charges	177,662	169,614	173,732
- Tangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	177,662	169,614	173,732
Conditional Grants			
- Student Employment			
- MEEP			
- Other (Specify)			
Total Conditional Grants	-	-	-
Total Operating	177,662	169,614	173,732
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	**177,662**	**169,614**	**173,732**

	2025 Budget	2025	2024
RECREATION AND CULTURAL SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Other (Donations)		1,240	2,050
Total Fees and Charges	-	1,240	2,050
- Tangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	-	1,240	2,050
Conditional Grants			
- Student Employment			
- Local government			
- MEEP			
- Other (Specify)			
Total Conditional Grants	-	-	-
Total Operating	-	1,240	2,050
Capital			
Conditional Grants			
- Canada Community-Building Fund (CCBF)			
- ICIP			
- Local government			
- Provincial Disaster Assistance			
- MEEP			
- Other (Contributed land)		1,000	
Total Capital	-	1,000	-
Restructuring Revenue (Specify, if any)			
Total Recreation and Cultural Services	**-**	**2,240**	**2,050**

Rural Municipality of Hillsdale No. 440
Schedule 2: Schedule of Operating and Capital Revenue by Function
As at December 31, 2025

	2025 Budget	2025	2024
UTILITY SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Water			
- Sewer			
- Other (Specify)			
Total Fees and Charges	-	-	-
- Tangible capital asset sales - gain (loss)			
- Other (Specify)			
Total Other Segmented Revenue	-	-	-
Conditional Grants			
- Student Employment			
- MEEP			
- Other (Specify)			
Total Conditional Grants	-	-	-
Total Operating	-	-	-
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	-	-	-
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	**$ 731,460**	**$ 918,233**	**$ 951,405**

SUMMARY

	2025 Budget	2025	2024
Total Other Segmented Revenue	$ 590,074	$ 774,950	$ 816,623
Total Conditional Grants	107,386	109,389	100,927
Total Capital Grants and Contributions	34,000	33,894	33,855
Restructuring Revenue	-	-	-
TOTAL REVENUE BY FUNCTION	**$ 731,460**	**$ 918,233**	**$ 951,405**

Rural Municipality of Hillsdale No. 440
Schedule 3: Total Expenses by Function
As at December 31, 2025

	2025 Budget	2025	2024
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	$ 44,500	$ 43,042	$ 35,138
Wages and benefits	491,014	478,651	444,906
Professional/Contractual services	112,067	114,548	102,391
Utilities	9,285	8,920	8,389
Maintenance, materials and supplies	34,050	21,840	29,139
Grants and contributions - operating	1,250	101,000	1,250
- capital			
Amortization of tangible capital assets	14,129	14,130	14,129
Accretion of asset retirement obligation			
Interest			
Allowance for uncollectible			
Other (TLE trust)		135	
General Government Services	706,295	782,266	635,342
Restructuring (Specify, if any)			
Total General Government Services	706,295	782,266	635,342
PROTECTIVE SERVICES			
Police protection			
Wages and benefits			
Professional/Contractual services	128,235	31,982	118,252
Utilities			
Maintenance, material and supplies			
Accretion of asset retirement obligation			
Grants and contributions - operating			
- capital			
Other (Specify)			
Fire protection			
Wages and benefits			
Professional/Contractual services	102,100	107,164	100,633
Utilities			
Maintenance, material and supplies			
Grants and contributions - operating			
- capital			
Amortization of tangible capital assets			
Interest			
Accretion of asset retirement obligation			
Other (Specify)			
Protective Services	230,335	139,146	218,885
Restructuring (Specify, if any)			
Total Protective Services	230,335	139,146	218,885
TRANSPORTATION SERVICES			
Wages and benefits	353,504	322,203	308,901
Professional/Contractual Services	551,500	609,983	347,737
Utilities	20,325	17,205	17,597
Maintenance, materials, and supplies	437,200	435,569	392,783
Gravel	275,000	366,521	542,899
Grants and contributions - operating			
- capital			
Amortization of tangible capital assets	1,932,807	1,892,315	2,077,537
Interest	90,790	90,790	105,283
Accretion of asset retirement obligation			
Other (Specify)			
Transportation Services	3,661,126	3,734,586	3,792,737
Restructuring (Specify, if any)			
Total Transportation Services	3,661,126	3,734,586	3,792,737

Rural Municipality of Hillsdale No. 440
Schedule 3: Total Expenses by Function
As at December 31, 2025

	2025 Budget	2025	2024
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Wages and benefits			
Professional/Contractual services	71,480	76,907	78,447
Utilities	1,000	638	487
Maintenance, materials and supplies	12,000	9,989	11,500
Grants and contributions - operating			
o Waste disposal			
o Public Health	10,000	10,000	10,000
- capital			
o Waste disposal			
o Public Health			
Amortization of tangible capital assets	2,019	2,019	2,019
Interest			
Accretion of asset retirement obligation			
Other (Specify)			
Environmental and Public Health Services	**96,499**	**99,553**	**102,453**
Restructuring (Specify, if any)			
Total Environmental and Public Health Services	**96,499**	**99,553**	**102,453**

	2025 Budget	2025	2024
PLANNING AND DEVELOPMENT SERVICES			
Wages and benefits			
Professional/Contractual Services	16,825	17,528	16,764
Grants and contributions - operating			
- capital			
Amortization of tangible capital assets	1,206	1,206	1,206
Interest			
Accretion of asset retirement obligation			
Other (Specify)			
Planning and Development Services	**18,031**	**18,734**	**17,970**
Restructuring (Specify, if any)			
Total Planning and Development Services	**18,031**	**18,734**	**17,970**

	2025 Budget	2025	2024
RECREATION AND CULTURAL SERVICES			
Wages and benefits			
Professional/Contractual services	6,938	6,938	6,938
Utilities			
Maintenance, materials and supplies			
Grants and contributions - operating	130,000	125,828	132,770
- capital			
Amortization of tangible capital assets			
Interest			
Accretion of asset retirement obligation			
Allowance for uncollectible			
Other (Specify)			
Recreation and Cultural Services	**136,938**	**132,766**	**139,708**
Restructuring (Specify, if any)			
Total Recreation and Cultural Services	**136,938**	**132,766**	**139,708**

Rural Municipality of Hillsdale No. 440
Schedule 3: Total Expenses by Function
As at December 31, 2025

	2025 Budget	2025	2024
UTILITY SERVICES			
Wages and benefits			
Professional/Contractual services			
Utilities			
Maintenance, materials and supplies			
Grants and contributions - operating			
- capital			
Amortization of tangible capital assets			
Interest			
Accretion of asset retirement obligation			
Allowance for Uncollectible			
Other (Specify)			
Utility Services	-	-	-
Restructuring (Specify, if any)			
Total Utility Services	-	-	-
TOTAL EXPENSES BY FUNCTION	**$ 4,849,224**	**$ 4,907,051**	**$ 4,907,095**

Rural Municipality of Hillsdale No. 440
Schedule 4: Schedule of Segment Disclosure by Function
As at 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	$ 12,921	$ 7,095	$ 126,672	$ 5,392	$ 169,614	$ 1,240	$	$ 322,934
Tangible Capital Asset Sales - Gain(loss)	-	-	66,290	-	-	-	-	66,290
Land Sales - Gain	-							-
Investment Income	374,211							374,211
Commissions	758							758
Other Revenues	5,278	-	-	5,479	-	-	-	10,757
Grants - Conditional	72,515	-	15,935	20,939	-	-	-	109,389
- Capital	-	-	32,894	-	-	1,000	-	33,894
Restructurings	-	-	-	-	-	-	-	-
Total Revenues	**465,683**	**7,095**	**241,791**	**31,810**	**169,614**	**2,240**	**-**	**918,233**
Expenses (Schedule 3)								
Wages & Benefits	521,693	-	322,203	-	-	-	-	843,896
Professional/ Contractual Services	114,548	139,146	609,983	76,907	17,528	6,938	-	965,050
Utilities	8,920	-	17,205	638		-	-	26,763
Maintenance Materials and Supplies	21,840	-	802,090	9,989		-	-	833,919
Grants and Contributions	101,000	-	-	10,000	-	125,828	-	236,828
Amortization of Tangible Capital Assets	14,130	-	1,892,315	2,019	1,206	-	-	1,909,670
Interest	-	-	90,790	-	-	-	-	90,790
Accretion of Asset Retirement Obligation	-	-	-	-	-	-	-	-
Allowance for Uncollectible	-					-	-	-
Restructurings	-	-	-	-	-	-	-	-
Other	135	-	-		-	-	-	135
Total Expenses	**782,266**	**139,146**	**3,734,586**	**99,553**	**18,734**	**132,766**	**-**	**4,907,051**
Surplus (Deficit) by Function	**$ (316,583)**	**$ (132,051)**	**$ (3,492,795)**	**$ (67,743)**	**$ 150,880**	**$ (130,526)**	**$**	**$ (3,988,818)**
Taxes and other unconditional revenue (Schedule 1)								5,526,790
Net Surplus (Deficit)								**$ 1,537,972**

Rural Municipality of Hillsdale No. 440
Schedule 5: Schedule of Segment Disclosure by Function
As at 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	$ 8,026	$ 10,579	$ 152,842	$ 5,453	$ 173,732	$ 2,050	-	$ 352,682
Tangible Capital Asset Sales - Gain (Loss)	-	-	(5,729)	-	-	-	-	(5,729)
Land Sales - Gain	-							-
Investment Income	452,723							452,723
Commissions	751							751
Other Revenues	13,534	-	-	2,662	-	-	-	16,196
Grants - Conditional	66,563	-	14,565	19,799	-	-	-	100,927
- Capital	-	-	33,855	-	-	-	-	33,855
Restructurings	-	-	-	-	-	-	-	-
Total Revenues	541,597	10,579	195,533	27,914	173,732	2,050	-	951,405
Expenses (Schedule 3)								
Wages & Benefits	480,044	-	308,901	-	-	-	-	788,945
Professional/ Contractual Services	102,391	218,885	347,737	78,447	16,764	6,938	-	771,162
Utilities	8,389	-	17,597	487		-	-	26,473
Maintenance Materials and Supplies	29,139	-	935,682	11,500		-	-	976,321
Grants and Contributions	1,250	-	-	10,000	-	132,770	-	144,020
Amortization of Tangible Capital Assets	14,129	-	2,077,537	2,019	1,206	-	-	2,094,891
Interest	-	-	105,283	-	-	-	-	105,283
Accretion of Asset Retirement Obligation	-	-	-	-	-	-	-	-
Allowance for Uncollectible	-					-	-	-
Restructurings	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Expenses	635,342	218,885	3,792,737	102,453	17,970	139,708	-	4,907,095
Surplus (Deficit) by Function	$ (93,745)	$ (208,306)	$ (3,597,204)	$ (74,539)	$ 155,762	$ (137,658)	-	$ (3,955,690)
Taxes and other unconditional revenue (Schedule 1)								5,168,239
Net Surplus (Deficit)								$ 1,212,549

Rural Municipality of Hillsdale No. 440
Schedule 6: Schedule of Tangible Capital Assets by Object
As at December 31, 2025

		2025								2024
		General Assets					Infrastructure Assets	General/ Infrastructure		
		Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment	Linear assets	Assets Under Construction	Total	Total
Assets	**Asset cost**									
	Opening Asset costs	$ 1,455,621	$ 105,350	$ 1,193,023	$ 197,754	$ 3,598,098	$ 45,666,153	$ 128,393	$ 52,344,392	$ 51,382,114
	Additions during the year	1,000				967,884	1,291,283		2,260,167	1,006,685
	Disposals and write-downs during the year					(450,342)			(450,342)	(44,407)
	Transfers (from) assets under construction						121,056	(121,056)	-	-
	Transfer of Capital Assets related to restructuring								-	-
	Closing Asset Costs	**1,456,621**	**105,350**	**1,193,023**	**197,754**	**4,115,640**	**47,078,492**	**7,337**	**54,154,217**	**52,344,392**
Amortization	**Accumulated Amortization Cost**									
	Opening Accumulated Amortization Costs	-	64,952	407,315	67,843	1,677,987	23,797,673	-	26,015,770	23,941,557
	Add: Amortization taken		7,023	24,980	14,157	270,338	1,593,172		1,909,670	2,094,891
	Less: Accumulated amortization on disposals					(283,432)			(283,432)	(20,678)
	Transfer of Capital Assets related to restructuring								-	-
	Closing Accumulated Amortization Costs	**-**	**71,975**	**432,295**	**82,000**	**1,664,893**	**25,390,845**	**-**	**27,642,008**	**26,015,770**
	Net Book Value	**$ 1,456,621**	**$ 33,375**	**$ 760,728**	**$ 115,754**	**$ 2,450,747**	**$ 21,687,647**	**$ 7,337**	**$ 26,512,209**	**$ 26,328,622**

1. Total contributed/donated assets received in 2025	$	1,000
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	$	-

Rural Municipality of Hillsdale No. 440
Schedule 7: 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	Total
Assets	**Asset cost**									
	Opening Asset costs	$ 670,739		$ 50,474,697	$ 40,053	$ 1,158,903			$ 52,344,392	$ 51,382,114
	Additions during the year			2,259,167			1,000		2,260,167	1,006,685
	Disposals and write-downs during the year			(450,342)					(450,342)	(44,407)
	Transfer of Capital Assets related to restructuring									
	Closing Asset Costs	670,739		52,283,522	40,053	1,158,903	1,000		54,154,217	52,344,392
Amortization	**Accumulated Amortization Cost**									
	Opening Accumulated Amortization Costs	231,077		25,757,850	18,862	7,981			26,015,770	23,941,557
	Add: Amortization taken	14,130		1,892,315	2,019	1,206			1,909,670	2,094,891
	Less: Accumulated amortization on disposals			(283,432)					(283,432)	(20,678)
	Transfer of Capital Assets related to restructuring									
	Closing Accumulated Amortization Costs	245,207		27,366,733	20,881	9,187			27,642,008	26,015,770
	Net Book Value	$ 425,532		$ 24,916,789	$ 19,172	$ 1,149,716	$ 1,000		$ 26,512,209	$ 26,328,622

Rural Municipality of Hillsdale No. 440

Schedule 8: Schedule of Accumulated Surplus

As at December 31, 2025

Schedule 8

	2024	Changes	2025
UNAPPROPRIATED SURPLUS	**$ 10,259,980**	**$ 1,354,085**	**$ 11,614,065**
APPROPRIATED RESERVES			
Machinery and Equipment	-		-
Public Reserve	1,701		1,701
Capital Trust	-		-
Utility	-		-
Other (Future Capital)	5,440,238	300	5,440,538
Total Appropriated	**5,441,939**	**300**	**5,442,239**
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS			
Tangible capital assets (Schedule 6, 7)	26,328,622	183,587	26,512,209
Less: Related debt	-		-
Net Investment in Tangible Capital Assets	**26,328,622**	**183,587**	**26,512,209**
Accumulated Surplus (Deficit) excluding remeasurement gains (losses)	**$ 42,030,541**	**$ 1,537,972**	**$ 43,568,513**

Rural Municipality of Hillsdale No. 440
Schedule of Mill Rates and Assessments
As at December 31, 2025

Schedule 9

	PROPERTY CLASS						
	Agriculture	**Residential**	**Residential Condominium**	**Seasonal Residential**	**Commercial & Industrial**	**Potash Mine(s)**	**Total**
Taxable Assessment	$ 184,212,715	$ 10,993,103		$ 16,640	$ 44,235,360		**$ 239,457,818**
Regional Park Assessment							
Total Assessment							239,457,818
Mill Rate Factor(s)	1.0000	1.5000		1.5000	7.0000		
Total Base/Minimum Tax (generated for each property class)		50,750			1,395,800		1,446,550
Total Municipal Tax Levy (include base and/or minimum tax and special levies)	$ 1,307,910	$ 167,827		$ 177	$ 3,594,299		**$ 5,070,213**

MILL RATES:	MILLS
Average Municipal*	21.17
Average School*	2.39
Potash Mill Rate	
Uniform Municipal Mill Rate	7.10

* 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 Hillsdale No. 440
Schedule of Council Remuneration
As at December 31, 2025
(Unaudited)

Schedule 10

Position	Name	Remuneration	Reimbursed Costs	Total
Reeve	Trevor McCrea	$ 7,625	$ 1,071	$ **8,696**
Councilor	Tannis Chibri	10,000	1,026	**11,026**
Councilor	Bernadette Poppleton	8,125	1,520	**9,645**
Councilor	Darren Tyler	5,000	815	**5,815**
Councilor	Floyd Whitney	5,625	600	**6,225**
Councilor	Dale (Chip) Chibri	5,875	358	**6,233**
Councilor	Dalyn Woloshyn	7,625	481	**8,106**
Total		**$ 49,875**	**$ 5,871**	**$ 55,746**