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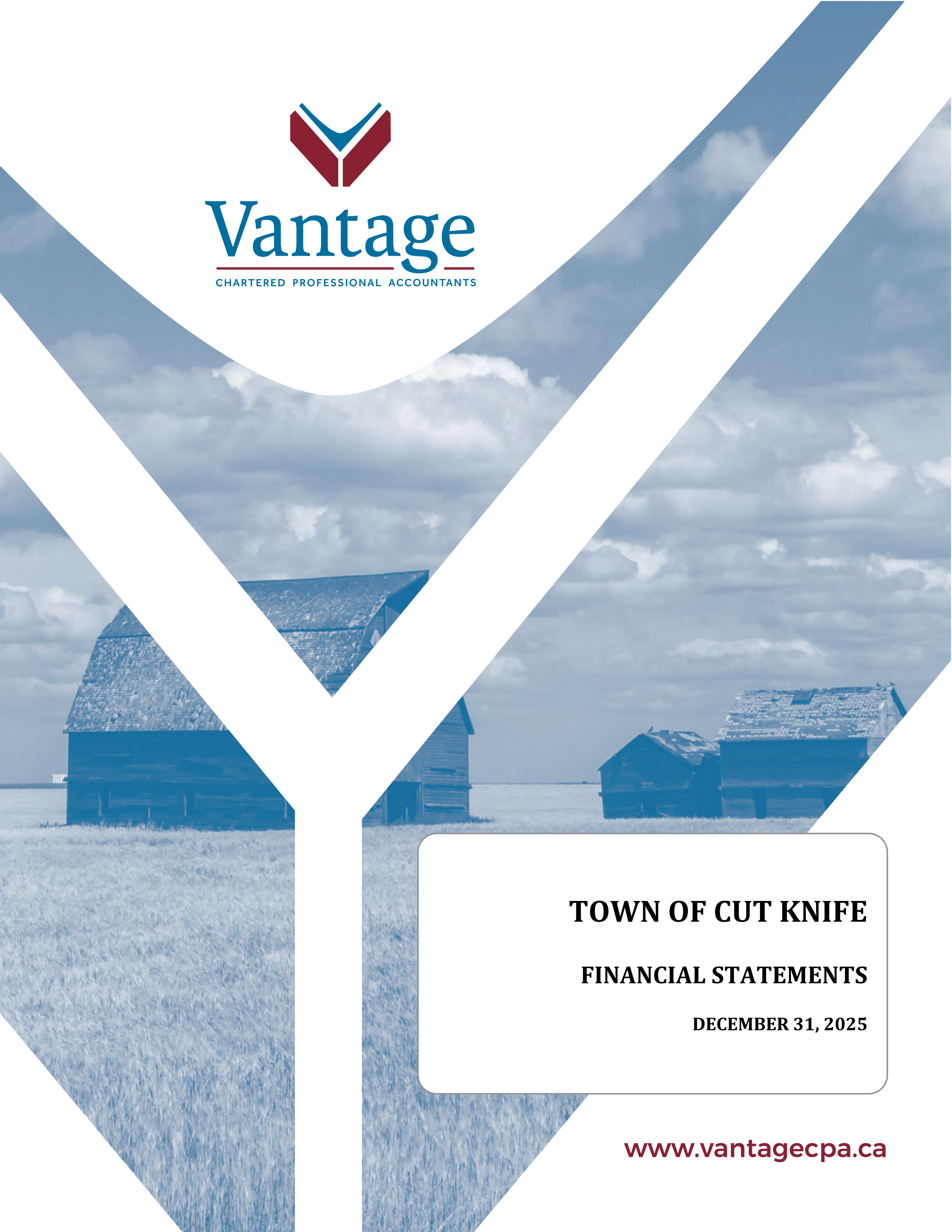

TOWN OF CUT KNIFE

FINANCIAL STATEMENTS

DECEMBER 31, 2025

www.vantagecpa.ca

To the Ratepayers of Town of Cut Knife

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

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

The Council is composed of elected officials who are not employees of the municipality. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council 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.

Vantage, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the 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

Mayor

D. Schafer

Administrator

INDEPENDENT AUDITORS' REPORT

Mayor and Council
Town of Cut Knife
Cut Knife, Saskatchewan

Qualified Opinion

We have audited the accompanying financial statements of the Town of Cut Knife, which comprise the statement of financial position as at December 31, 2025, the statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the 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 Town of Cut Knife as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Effective for fiscal years beginning on or after April 1, 2022, the Town of Cut Knife was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of the future costs associated with the legal obligation to retire a contaminated tangible capital asset. The Town of Cut Knife has not yet completed its assessment of the tangible capital assets for possible asset retirement obligations. As a result, we were unable to determine whether any adjustments were necessary to the assets and liabilities as at December 31, 2025, December 31, 2024 and the gross expenses for those years. Our report on the fiscal 2024 financial statements was qualified in this regard.

The municipality has an interest in the Cut Knife & District Fire Association, Highway 40 Health Holdings, Cut Knife and District Recreation Board and the Clayton McLain Memorial Museum Inc. which are government partnerships. The municipality has not recorded in its financial statements these interests using the proportionate consolidation method, which constitutes a departure from Canadian Public Sector Accounting Standards. The effect on the financial statements of the failure to consolidate has not been determined for the 2025 and 2024 years. Our report on the fiscal 2024 financial statements was qualified in this regard.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town of Cut Knife 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 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 Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town of Cut Knife'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 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.

Auditors' 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 auditors' 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 judgement 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 auditors' 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 auditors' 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.

Vantage

Chartered Professional Accountants

North Battleford, Saskatchewan
June 8, 2026

Town of Cut Knife

Statement of Financial Position

As at December 31, 2025

Statement 1

	2025	2024
FINANCIAL ASSETS		
Cash and Cash Equivalents (Note 2)	1,036,026	714,444
Investments (Note 3)	6,866	7,286
Taxes Receivable - Municipal (Note 4)	149,172	315,631
Other Accounts Receivable (Note 5)	200,087	180,956
Assets Held for Sale (Note 6)	120,017	85,859
Long-Term Receivable		
Debt Charges Recoverable		
Derivative Assets		
Other		
Total Financial Assets	**1,512,168**	**1,304,176**
LIABILITIES		
Bank Indebtedness (Note 7)		
Accounts Payable	54,076	3,709
Accrued Liabilities Payable		
Derivative Liabilities		
Deposits	9,650	8,250
Deferred Revenue		
Asset Retirement Obligation		
Liability for Contaminated Sites		
Other Liabilities		
Long-Term Debt (Note 8)	216,640	200,000
Lease Obligations (Note 9)	162,532	223,973
Total Liabilities	**442,898**	**435,932**
NET FINANCIAL ASSETS (DEBT)	**1,069,270**	**868,244**
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 6, 7)	2,897,073	2,714,875
Prepayments and Deferred Charges	10	503
Stock and Supplies		
Other		
Total Non-Financial Assets	2,897,083	2,715,378
ACCUMULATED SURPLUS (DEFICIT)	**3,966,353**	**3,583,622**
Accumulated Surplus (Deficit) is comprised of:		
Accumulated Surplus (Deficit) excluding remeasurement gains (losses) (Schedule 8)	**3,966,353**	**3,583,622**
Accumulated remeasurement gains (losses)		

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

Town of Cut Knife

Statement of Operations

For the year ended December 31, 2025

Statement 2

	2025 Budget	2025	2024
REVENUES			
Tax Revenue (Schedule 1)	1,057,090	1,044,205	988,847
Other Unconditional Revenue (Schedule 1)	163,270	163,271	153,394
Fees and Charges (Schedule 4, 5)	676,450	668,461	658,310
Conditional Grants (Schedule 4, 5)	2,110	2,079	2,023
Tangible Capital Asset Sales - Gain (Loss) (Schedule 4, 5)			(252,145)
Land Sales - Gain (Schedule 4, 5)		5,816	(16,072)
Investment Income (Schedule 4, 5)	25,000	22,045	24,644
Commissions (Schedule 4, 5)			
Restructurings (Schedule 4,5)			
Other Revenues (Schedule 4, 5)			28,898
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	34,080	34,078	35,077
Total Revenues	**1,958,000**	**1,939,955**	**1,622,976**
EXPENSES			
General Government Services (Schedule 3)	376,610	346,885	279,033
Protective Services (Schedule 3)	87,600	86,094	84,789
Transportation Services (Schedule 3)	538,260	430,135	431,494
Environmental and Public Health Services (Schedule 3)	189,650	198,902	170,958
Planning and Development Services (Schedule 3)	500	147	
Recreation and Cultural Services (Schedule 3)	113,250	113,730	96,931
Utility Services (Schedule 3)	756,070	381,331	428,195
Restructurings (Schedule 3)			
Total Expenses	**2,061,940**	**1,557,224**	**1,491,400**
Annual Surplus (Deficit) of Revenues over Expenses	**(103,940)**	**382,731**	**131,576**
Accumulated Surplus (Deficit) excluding remeasurement gains (losses), Beginning of Year	3,583,622	3,583,622	3,452,046
Accumulated Surplus (Deficit) excluding remeasurement gains (losses), End of Year	**3,479,682**	**3,966,353**	**3,583,622**

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

Town of Cut Knife
Statement of Change in Net Financial Assets
For the year ended December 31, 2025

Statement 3

	2025 Budget	2025	2024
Annual Surplus (Deficit) of Revenues over Expenses	(103,940)	382,731	131,576
(Acquisition) of tangible capital assets		(300,756)	(448,839)
Amortization of tangible capital assets		118,558	109,865
Proceeds on disposal of tangible capital assets			97,590
Loss (gain) on the disposal of tangible capital assets			252,145
Transfer of assets/liabilities in restructuring transactions			
Surplus (Deficit) of capital expenses over expenditures		**(182,198)**	**10,761**
(Acquisition) of supplies inventories			
(Acquisition) of prepaid expense		493	6,595
Consumption of supplies inventory			
Use of prepaid expense			
Surplus (Deficit) of expenses of other non-financial over expenditures		**493**	**6,595**
Unrealized remeasurement gains (losses)			
Increase/Decrease in Net Financial Assets	**(103,940)**	**201,026**	**148,932**
Net Financial Assets (Debt) - Beginning of Year	868,244	868,244	719,312
Net Financial Assets (Debt) - End of Year	**764,304**	**1,069,270**	**868,244**

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

Town of Cut Knife
Statement of Cash Flow
For the year ended December 31, 2025 Statement 4

	2025	2024
Cash provided by (used for) the following activities		
Operating:		
Annual Surplus (Deficit) of Revenues over Expenses	382,731	131,576
Amortization	118,558	109,865
Loss (gain) on disposal of tangible capital assets		252,145
	501,289	493,586
Change in assets/liabilities		
Taxes Receivable - Municipal	166,459	(180,685)
Other Receivables	(19,131)	38,488
Assets Held for Sale	(34,158)	31,759
Other Financial Assets		
Accounts and Accrued Liabilities Payable	50,367	(930)
Derivative Liabilities *[if applicable]*		
Deposits	1,400	(4,175)
Deferred Revenue		(2,412)
Asset Retirement Obligation		
Liability for Contaminated Sites		
Other Liabilities		
Stock and Supplies		
Prepayments and Deferred Charges	493	6,595
Other (Specify)		
Cash provided by operating transactions	**666,719**	**382,226**
Capital:		
Acquisition of capital assets	(300,756)	(448,839)
Proceeds from the disposal of capital assets		97,590
Cash applied to capital transactions	**(300,756)**	**(351,249)**
Investing:		
Decrease (increase) in restricted cash or cash equivalents		
Proceeds from disposal of investments		
Decrease (increase) in investments	420	(1,094)
Cash provided by (applied to) investing transactions	**420**	**(1,094)**
Financing:		
Debt charges recovered		
Long-term debt issued	55,000	200,000
Long-term debt repaid	(99,801)	(58,123)
Other financing		
Cash provided by (applied to) financing transactions	**(44,801)**	**141,877**
Change in Cash and Cash Equivalents during the year	**321,582**	**171,760**
Cash and Cash Equivalents - Beginning of Year	714,444	542,684
Cash and Cash Equivalents - End of Year	**1,036,026**	**714,444**

Cash and cash equivalents is made up of:

	2025	2024
Cash (Note 2)	810,649	493,484
Restricted portion of cash and cash equivalents (Note 2)	225,377	220,960
Temporary bank indebtedness		
	1,036,026	**714,444**

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

Town of Cut Knife
Notes to the Financial Statements
For the year ended 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 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.

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

Cut Knife & District Fire Association - 38% partnership interest
Highway 40 Health Holdings - 25% partnership interest
Cut Knife and District Recreation Board - 33% partnership interest
Clayton McLain Memorial Museum Inc. - 50% partnership interest

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.

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

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

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

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

f) **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.

g) **Local Improvement Charges:** Local improvement projects financed by frontage taxes recognize any prepayment charges as revenue in the period assessed.

h) **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.

i) **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.

j) **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.

k) **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.

1. Significant Accounting Policies - continued

l) **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 and Cash Equivalents	Cost and amortized cost
Investments	Fair value and cost/amortized cost
Other Accounts Receivable	Cost and amortized cost
Long-term Receivables	Amortized cost
Debt Charges Recoverable	Amortized cost
Bank Indebtedness	Amortized cost
Accounts Payable and Accrued Liabilities	Cost
Deposit Liabilities	Cost
Long-Term Debt	Amortized cost
Derivative Assets and Liabilities	Fair value

m) **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.

n) **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 and Equipment	
Vehicles	10 Yrs.
Machinery and Equipment	3 to 20 Yrs.
Leased Capital Assets	Lease term
Infrastructure Assets	
Infrastructure Assets	
Water and Sewer	40 to 75 Yrs.
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 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 leases 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 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

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 June 9, 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.

1. Significant Accounting Policies - continued

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 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.

Town of Cut Knife
Notes to the Financial Statements
For the year ended December 31, 2025

2. Cash and Cash Equivalents

	2025	2024
Cash	810,649	493,484
Short-term investments - amortized cost		
Restricted cash	225,377	220,960
Total Cash and Cash Equivalents	**1,036,026**	**714,444**

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 amortized cost:		
Co-op shares and credit union equity	6,866	7,286
Total Investments	**6,866**	**7,286**

4. Taxes Receivable - Municipal

		2025	2024
Municipal	- Current	95,334	178,586
	- Arrears	123,838	182,045
		219,172	360,631
	- Less allowance for uncollectible	(70,000)	(45,000)
Total municipal taxes receivable		149,172	315,631
School	- Current	10,244	35,934
	- Arrears	11,835	19,953
Total taxes to be collected on behalf of School Divisions		22,079	55,887
Other	- Local improvement		
Total taxes and grants in lieu receivable or to be collected on behalf of other organizations		171,251	371,518
Deduct taxes to be collected on behalf of other organizations		(22,079)	(55,887)
Total Taxes Receivable - Municipal		**149,172**	**315,631**

5. Other Accounts Receivable

	2025	2024
Federal Government	32,286	34,497
Provincial Government		
Local Government		
Utility	134,469	132,975
Trade	36,235	16,387
Other		
Total Other Accounts Receivable	202,990	183,859
Less: Allowance for Uncollectible	(2,903)	(2,903)
Net Other Accounts Receivable	**200,087**	**180,956**

6. Assets Held for Sale

	2025	2024
Tax title property	98,122	63,964
Allowance for market value adjustment	(33,341)	(33,341)
Net Tax Title Property	64,781	30,623
Other land	91,236	91,236
Allowance for market value adjustment	(36,000)	(36,000)
Net Other Land	55,236	55,236
Other		
Total Assets Held for Sale	**120,017**	**85,859**

7. Bank Indebtedness

At December 31, 2025, the Municipality had lines of credit totalling $100,000 (2024 - $100,000), none of which was drawn.

8. Long-Term Debt

a) The debt limit of the municipality is $1,558,252. 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)).

b) Innovation Credit Union Loan is repayable at 4.50% amortized over 5 years payable quarterly of every year, secured by municipal borrowing resolution.

Future principal and interest payments are as follows:

Year	Principal	Interest	Current Year Total	Prior Year Principal
2026	38,088	6,724	44,812	36,908
2027	39,831	4,981	44,812	38,088
2028	41,654	3,158	44,812	39,831
2029	43,519	1,293	44,812	41,654
2030				43,519
Thereafter				
Balance	**163,092**	**16,156**	**179,248**	**200,000**

b) Innovation Credit Union Loan is repayable at 4.50% amortized over 3 years payable monthly of every year, secured by municipal borrowing resolution.

Future principal and interest payments are as follows:

Year	Principal	Interest	Current Year Total	Prior Year Principal
2026	17,588	2,032	19,620	
2027	18,375	1,245	19,620	
2028	17,585	400	17,985	
2029				
2030				
Thereafter				
Balance	**53,548**	**3,677**	**57,225**	**Nil**

	Principal	Interest	Current Year Total	Prior Year Principal
Total Long-Term Debt	**216,640**	**19,833**	**236,473**	**200,000**

9. Lease Obligations

Future minimum lease payments under the capital lease together with the balance of the obligation due under the capital lease are as follows:

Year	Payment Amount
2026	68,772
2027	68,772
2028	34,361
2029	
Thereafter	
Total future minimum lease payments	171,905
Amounts representing interest at a weighted average rate of 3.76%	(9,373)
Capital Lease Liability	**162,532**

The lease is repayable at $34,361 semi-annually to the Royal Bank of Canada and bears interest at 3.76%. The lease obligation matures in 2028.

10. 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 $35,520 (2024 - $34,911). 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.

2024 is the most current actuarial valuation report available for MEPP. At December 31, 2024, the MEPP disclosed an actuarial surplus of $819,117,000.

11. Comparative Figures

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

12. 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 the allowance for doubtful taxes receivable which administration monitors and reports to council as well as working with legal council on collections.

Liquidity Risk

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

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency and other price risk.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The financial instruments that potentially subject the municipality to interest rate risk consist of any potential debt as well as short term investments.

Town of Cut Knife

Schedule of Taxes and Other Unconditional Revenue

For the year ended December 31, 2025

Schedule 1

	2025 Budget	2025	2024
TAXES			
General municipal tax levy	942,030	937,331	876,382
Abatements and adjustments	(6,000)	(5,527)	(4,607)
Discount on current year taxes	(27,000)	(32,719)	(25,375)
Net Municipal Taxes	909,030	899,085	846,400
Potash tax share			
Trailer license fees			
Penalties on tax arrears	30,500	32,453	28,458
Special tax levy			
Other			
Total Taxes	**939,530**	**931,538**	**874,858**
UNCONDITIONAL GRANTS			
Revenue Sharing	163,270	163,271	153,394
(Organized Hamlet)			
Safe Restart			
Other			
Total Unconditional Grants	**163,270**	**163,271**	**153,394**
GRANTS IN LIEU OF TAXES			
Federal	20,060	22,502	23,589
Provincial			
S.P.C. Electrical			
SaskEnergy Gas			
TransGas			
Central Services			
SaskTel	2,500	1,990	2,110
Other	12,500	10,700	9,122
Local/Other			
Housing Authority	12,000	11,369	11,275
C.P.R. Mainline			
Treaty Land Entitlement			
Other			
Other Government Transfers			
S.P.C. Surcharge	53,000	49,961	51,888
Sask Energy Surcharge	17,500	16,145	16,005
Other			
Total Grants in Lieu of Taxes	**117,560**	**112,667**	**113,989**
TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE	**1,220,360**	**1,207,476**	**1,142,241**

Town of Cut Knife
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2025

Schedule 2 - 1

	2025 Budget	2025	2024
GENERAL GOVERNMENT SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work	4,000	7,148	2,443
- Sales of supplies			
- Other	19,050	14,050	23,523
Total Fees and Charges	23,050	21,198	25,966
- Tangible capital asset sales - gain (loss)			
- Land sales - gain		5,816	(16,072)
- Investment income	25,000	22,045	24,644
- Commissions			
- Other (Donations)			28,898
Total Other Segmented Revenue	48,050	49,059	63,436
Conditional Grants			
- Student Employment			
- MEEP			
- Other			
Total Conditional Grants			
Total Operating	48,050	49,059	63,436
Capital			
Conditional Grants			
- Canada Community-Building Fund (CCBF)			
- ICIP			
- Provincial Disaster Assistance			
- MEEP			
- Other			
Total Capital			
Restructuring Revenue			
Total General Government Services	**48,050**	**49,059**	**63,436**
PROTECTIVE SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Other (Fees)	1,600	3,686	1,587
Total Fees and Charges	1,600	3,686	1,587
- Tangible capital asset sales - gain (loss)			
- Other			
Total Other Segmented Revenue	1,600	3,686	1,587
Conditional Grants			
- Student Employment			
- Local government			
- MEEP			
- Other			
Total Conditional Grants			
Total Operating	1,600	3,686	1,587
Capital			
Conditional Grants			
- Canada Community-Building Fund (CCBF)			
- ICIP			
- Provincial Disaster Assistance			
- Local government			
- MEEP			
- Other			
Total Capital			
Restructuring Revenue			
Total Protective Services	**1,600**	**3,686**	**1,587**

Town of Cut Knife
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2025

Schedule 2 - 2

	2025 Budget	2025	2024
TRANSPORTATION SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Custom work	6,000	9,175	7,374
- Sales of supplies		278	209
- Road Maintenance and Restoration Agreements			
- Frontage			
- Other			
Total Fees and Charges	6,000	9,453	7,583
- Tangible capital asset sales - gain (loss)			(4,312)
- Other			
Total Other Segmented Revenue	6,000	9,453	3,271
Conditional Grants			
- MREP (Highways)			
- Student Employment			
- MEEP			
- Other			
Total Conditional Grants			
Total Operating	6,000	9,453	3,271
Capital			
Conditional Grants			
- Canada Community-Building Fund (CCBF)			
- ICIP			
- RIRG			
- Provincial Disaster Assistance			
- MEEP			
- Other			
Total Capital			
Restructuring Revenue			
Total Transportation Services	**6,000**	**9,453**	**3,271**
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Waste and Disposal Fees	102,500	99,257	91,750
- Other (Recycling)	16,300	15,101	14,495
Total Fees and Charges	118,800	114,358	106,245
- Tangible capital asset sales - gain (loss)			
- Other			
Total Other Segmented Revenue	118,800	114,358	106,245
Conditional Grants			
- Student Employment			
- TAPD			
- Local government			
- MEEP			
- Other (Transit assistance)	10	20	63
Total Conditional Grants	10	20	63
Total Operating	118,810	114,378	106,308
Capital			
Conditional Grants			
- Canada Community-Building Fund (CCBF)			
- ICIP			
- TAPD			
- Provincial Disaster Assistance			
- MEEP			
- Other			
Total Capital			
Restructuring Revenue			
Total Environmental and Public Health Services	**118,810**	**114,378**	**106,308**

Town of Cut Knife
Schedule of Operating and Capital Revenue by Function
For the year ended 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			
- Other			
Total Fees and Charges			
- Tangible capital asset sales - gain (loss)			
- Other			
Total Other Segmented Revenue			
Conditional Grants			
- Student Employment			
- MEEP			
- Other			
Total Conditional Grants			
Total Operating			
Capital			
Conditional Grants			
- Canada Community-Building Fund (CCBF)			
- ICIP			
- Provincial Disaster Assistance			
- MEEP			
- Other			
Total Capital			
Restructuring Revenue			
Total Planning and Development Services			

	2025 Budget	2025	2024
RECREATION AND CULTURAL SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Other (Skating rink fees)		1,937	
Total Fees and Charges		1,937	
- Tangible capital asset sales - gain (loss)			
- Other (Donations and insurance proceeds)			
Total Other Segmented Revenue		1,937	
Conditional Grants			
- Student Employment	2,100	2,059	1,960
- Local government			
- MEEP			
- Other (Sask Lotteries)			
Total Conditional Grants	2,100	2,059	1,960
Total Operating	2,100	3,996	1,960
Capital			
Conditional Grants			
- ICIP			
- Provincial Government			
- Local government			
- Provincial Disaster Assistance			
- MEEP			
- Other			
Total Capital			
Restructuring Revenue			
Total Recreation and Cultural Services	**2,100**	**3,996**	**1,960**

Town of Cut Knife
Schedule of Operating and Capital Revenue by Function
For the year ended December 31, 2025 Schedule 2 - 4

	2025 Budget	2025	2024
UTILITY SERVICES			
Operating			
Other Segmented Revenue			
Fees and Charges			
- Water	338,000	331,692	327,918
- Sewer	97,000	93,877	97,336
- Other	92,000	92,260	91,675
Total Fees and Charges	527,000	517,829	516,929
- Tangible capital asset sales - gain (loss)			(247,833)
- Other			
Total Other Segmented Revenue	527,000	517,829	269,096
Conditional Grants			
- Student Employment			
- MEEP			
- Other			
Total Conditional Grants			
Total Operating	527,000	517,829	269,096
Capital			
Conditional Grants			
- Canada Community-Building Fund (CCBF)			
- ICIP	34,080	34,078	35,077
- New Building Canada Fund (SCF, NRP)			
- Clean Water and Wastewater Fund			
- Provincial Disaster Assistance			
- MEEP			
- Other			
Total Capital	34,080	34,078	35,077
Restructuring Revenue			
Total Utility Services	**561,080**	**551,907**	**304,173**
TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION	**737,640**	**732,479**	**480,735**

SUMMARY

Total Other Segmented Revenue	701,450	696,322	443,635
Total Conditional Grants	2,110	2,079	2,023
Total Capital Grants and Contributions	34,080	34,078	35,077
Restructuring Revenue			
TOTAL REVENUE BY FUNCTION	**737,640**	**732,479**	**480,735**

Town of Cut Knife

Total Expenses by Function

For the year ended December 31, 2025 Schedule 3 - 1

	2025 Budget	2025	2024
GENERAL GOVERNMENT SERVICES			
Council remuneration and travel	36,300	32,069	22,467
Wages and benefits	198,000	155,717	170,791
Professional/Contractual services	95,450	91,198	67,590
Utilities	13,000	11,195	11,387
Maintenance, materials and supplies	30,100	23,417	19,440
Grants and contributions - operating			
- capital			
Amortization		5,201	4,370
Accretion of asset retirement obligation			
Interest	3,000	3,033	2,883
Allowance for uncollectible	500	25,000	(20,000)
Other	260	55	105
General Government Services	376,610	346,885	279,033
Restructuring			
Total General Government Services	**376,610**	**346,885**	**279,033**
PROTECTIVE SERVICES			
Police protection			
Wages and benefits			
Professional/Contractual services	55,000	53,557	52,307
Utilities			
Maintenance, material and supplies			
Accretion of asset retirement obligation			
Grants and contributions - operating			
- capital			
Other			
Fire protection			
Wages and benefits			
Professional/Contractual services	32,600	32,537	32,482
Utilities			
Maintenance, material and supplies			
Grants and contributions - operating			
- capital			
Amortization			
Interest			
Accretion of asset retirement obligation			
Other			
Protective Services	87,600	86,094	84,789
Restructuring			
Total Protective Services	**87,600**	**86,094**	**84,789**
TRANSPORTATION SERVICES			
Wages and benefits	243,000	200,181	180,009
Professional/Contractual services	44,980	25,916	47,824
Utilities	37,500	30,565	32,168
Maintenance, materials and supplies	177,780	100,265	94,903
Gravel	35,000	24,356	31,294
Grants and contributions - operating			
- capital			
Amortization		48,852	45,296
Interest			
Accretion of asset retirement obligation			
Other			
Transportation Services	538,260	430,135	431,494
Restructuring			
Total Transportation Services	**538,260**	**430,135**	**431,494**

Town of Cut Knife

Total Expenses by Function

For the year ended December 31, 2025 Schedule 3 - 2

	2025 Budget	2025	2024
ENVIRONMENTAL AND PUBLIC HEALTH SERVICES			
Wages and benefits	30,600	36,280	31,816
Professional/Contractual services	146,150	141,082	131,435
Utilities	2,000	1,696	480
Maintenance, materials and supplies	6,000	1,583	2,762
Grants and contributions - operating	4,900	4,827	4,465
○ Waste disposal			
○ Public Health		13,434	
- capital			
○ Waste disposal			
○ Public Health			
Amortization			
Interest			
Accretion of asset retirement obligation			
Other			
Environmental and Public Health Services	189,650	198,902	170,958
Restructuring			
Total Environmental and Public Health Services	**189,650**	**198,902**	**170,958**
PLANNING AND DEVELOPMENT SERVICES			
Wages and benefits			
Professional/Contractual services	500	147	
Grants and contributions - operating			
- capital			
Amortization			
Interest			
Accretion of asset retirement obligation			
Other (Housing project loss)			
Planning and Development Services	500	147	
Restructuring			
Total Planning and Development Services	**500**	**147**	
RECREATION AND CULTURAL SERVICES			
Wages and benefits		27,106	3,108
Professional/Contractual services	40,170	37,806	32,377
Utilities	2,700	2,383	2,599
Maintenance, materials and supplies	31,880	1,785	8,751
Grants and contributions - operating	38,500	42,150	47,596
- capital			
Amortization		2,500	2,500
Interest			
Accretion of asset retirement obligation			
Allowance for uncollectible			
Other			
Recreation and Cultural Services	113,250	113,730	96,931
Restructuring			
Total Recreation and Cultural Services	**113,250**	**113,730**	**96,931**

Town of Cut Knife

Total Expenses by Function

For the year ended December 31, 2025 Schedule 3 - 3

		2025 Budget	2025	2024
UTILITY SERVICES				
	Wages and benefits	94,660	87,796	112,640
	Professional/Contractual services	204,170	77,387	113,285
	Utilities	73,170	32,917	40,975
	Maintenance, materials and supplies	367,340	104,284	90,240
	Grants and contributions - operating			
	- capital			
	Amortization		62,005	57,699
	Interest	16,730	16,942	13,356
	Accretion of asset retirement obligation			
	Allowance for uncollectible			
	Other			
Utility Services		756,070	381,331	428,195
Restructuring				
Total Utility Services		**756,070**	**381,331**	**428,195**

TOTAL EXPENSES BY FUNCTION	**2,061,940**	**1,557,224**	**1,491,400**

Town of Cut Knife
Schedule of Segment Disclosure by Function
For the year ended December 31, 2025

Schedule 4

	General Government	Protective Services	Transportation Services	Environmental and Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and Charges	21,198	3,686	9,453	114,358		1,937	517,829	668,461
Tangible Capital Asset Sales - Gain (Loss)								
Land Sales - Gain (Loss)	5,816							5,816
Investment Income	22,045							22,045
Commissions								
Other Revenues								
Grants - Conditional				20		2,059		2,079
- Capital							34,078	34,078
Restructurings								
Total Revenues	**49,059**	**3,686**	**9,453**	**114,378**		**3,996**	**551,907**	**732,479**
Expenses (Schedule 3)								
Wages and Benefits	187,786		200,181	36,280		27,106	87,796	539,149
Professional/Contractual Services	91,198	86,094	25,916	141,082	147	37,806	77,387	459,630
Utilities	11,195		30,565	1,696		2,383	32,917	78,756
Maintenance Materials and Supplies	23,417		124,621	1,583		1,785	104,284	255,690
Grants and Contributions				18,261		42,150		60,411
Amortization	5,201		48,852			2,500	62,005	118,558
Interest	3,033						16,942	19,975
Accretion of Asset Retirement Obligation								
Allowance for Uncollectible	25,000							25,000
Restructurings								
Other	55							55
Total Expenses	**346,885**	**86,094**	**430,135**	**198,902**	**147**	**113,730**	**381,331**	**1,557,224**
Surplus (Deficit) by Function	**(297,826)**	**(82,408)**	**(420,682)**	**(84,524)**	**(147)**	**(109,734)**	**170,576**	**(824,745)**
Taxes and other unconditional revenue (Schedule 1)								1,207,476
Net Surplus (Deficit)								**382,731**

Town of Cut Knife
Schedule of Segment Disclosure by Function
For the year ended December 31, 2024

Schedule 5

	General Government	Protective Services	Transportation Services	Environmental and Public Health	Planning and Development	Recreation and Culture	Utility Services	Total
Revenues (Schedule 2)								
Fees and Charges	25,966	1,587	7,583	106,245			516,929	658,310
Tangible Capital Asset Sales -Gain (Loss)			(4,312)				(247,833)	(252,145)
Land Sales - Gain (Loss)	(16,072)							(16,072)
Investment Income	24,644							24,644
Commissions								
Other Revenues	28,898							28,898
Grants - Conditional				63		1,960		2,023
- Capital							35,077	35,077
Restructurings								
Total Revenues	**63,436**	**1,587**	**3,271**	**106,308**		**1,960**	**304,173**	**480,735**
Expenses (Schedule 3)								
Wages and Benefits	193,258		180,009	31,816		3,108	112,640	520,831
Professional/Contractual Services	67,590	84,789	47,824	131,435		32,377	113,285	477,300
Utilities	11,387		32,168	480		2,599	40,975	87,609
Maintenance Materials and Supplies	19,440		126,197	2,762		8,751	90,240	247,390
Grants and Contributions				4,465		47,596		52,061
Amortization	4,370		45,296			2,500	57,699	109,865
Interest	2,883						13,356	16,239
Accretion of Asset Retirement Obligation								
Allowance for Uncollectible	(20,000)							(20,000)
Restructurings								
Other	105							105
Total Expenses	**279,033**	**84,789**	**431,494**	**170,958**		**96,931**	**428,195**	**1,491,400**
Surplus (Deficit) by Function	**(215,597)**	**(83,202)**	**(428,223)**	**(64,650)**		**(94,971)**	**(124,022)**	**(1,010,665)**
Taxes and other unconditional revenue (Schedule 1)								1,142,241
Net Surplus (Deficit)								**131,576**

Town of Cut Knife
Schedule of Tangible Capital Assets by Object
For the year ended December 31, 2025

Schedule 6

		2025								2024
		General Assets					Infrastructure Assets	General/ Infrastructure		
		Land	Land Improvements	Buildings	Vehicles	Machinery and Equipment	Linear assets	Assets Under Construction	Total	Total
Assets	**Asset Cost**									
	Opening Asset Costs	253,376		1,083,525	109,334	327,832	3,527,837	268,108	5,570,012	5,553,730
	Additions during the year	4,933		87,526	54,992	30,403	122,902		300,756	448,839
	Disposals and write-downs during the year									(432,557)
	Transfers (from) assets under construction						268,108	(268,108)	Nil	
	Transfer of Capital Assets related to restructuring (Schedule 11)									
	Closing Asset Costs	**258,309**		**1,171,051**	**164,326**	**358,235**	**3,918,847**	**Nil**	**5,870,768**	**5,570,012**
Amortization	**Accumulated Amortization Cost**									
	Opening Accumulated Amortization Costs		3,479	699,343	54,437	165,922	1,931,956		2,855,137	2,828,094
	Add: Amortization taken			21,051	9,440	22,842	65,225		118,558	109,865
	Less: Accumulated amortization on disposals									(82,822)
	Transfer of Capital Assets related to restructuring (Schedule 11)									
	Closing Accumulated Amortization		**3,479**	**720,394**	**63,877**	**188,764**	**1,997,181**		**2,973,695**	**2,855,137**
	Net Book Value	**258,309**	**(3,479)**	**450,657**	**100,449**	**169,471**	**1,921,666**	**Nil**	**2,897,073**	**2,714,875**

1. Total contributed/donated assets received in 2025	Nil
2. List of assets recognized at nominal value in 2025 are:	
- Infrastructure Assets	Nil
- Vehicles	Nil
- Machinery and Equipment	Nil
3. Amount of interest capitalized in Schedule 6	Nil

Town of Cut Knife
Schedule of Tangible Capital Assets by Function
For the year ended December 31, 2025

Schedule 7

		2025								2024
		General Government	Protective Services	Transportation Services	Environmental and Public Health	Planning and Development	Recreation and Culture	Water and Sewer	Total	Total
Assets	**Asset Cost**									
	Opening Asset Costs	407,538	61,186	1,528,223			418,092	3,154,973	5,570,012	5,553,730
	Additions during the year	4,984		80,411			4,933	210,428	300,756	448,839
	Disposals and write-downs during the year									(432,557)
	Transfer of Capital Assets related to restructuring (Schedule 11)									
	Closing Asset Costs	**412,522**	**61,186**	**1,608,634**			**423,025**	**3,365,401**	**5,870,768**	**5,570,012**
Amortization	**Accumulated**									
	Opening Accumulated Amortization Costs	159,729	6,400	1,094,045			133,900	1,461,063	2,855,137	2,828,094
	Add: Amortization taken	5,201		48,852			2,500	62,005	118,558	109,865
	Less: Accumulated amortization on disposals									(82,822)
	Transfer of Capital Assets related to restructuring (Schedule 11)									
	Closing Accumulated Amortization Costs	**164,930**	**6,400**	**1,142,897**			**136,400**	**1,523,068**	**2,973,695**	**2,855,137**
	Net Book Value	**247,592**	**54,786**	**465,737**			**286,625**	**1,842,333**	**2,897,073**	**2,714,875**

Town of Cut Knife
Schedule of Accumulated Surplus
For the year ended December 31, 2025 Schedule 8

	2024	Changes	2025
UNAPPROPRIATED SURPLUS	**701,603**	**155,732**	**857,335**
APPROPRIATED RESERVES			
Machinery and Equipment	16,040		16,040
Public Reserve	4,895		4,895
Capital Trust	50,000		50,000
Utility	15,328		15,328
Other (Recreation, cemetery, future development)	504,854		504,854
Total Appropriated	**591,117**		**591,117**
NET INVESTMENT IN TANGIBLE CAPITAL ASSETS			
Tangible capital assets (Schedule 6, 7)	2,714,875	182,198	2,897,073
Less: Related debt	(423,973)	44,801	(379,172)
Net Investment in Tangible Capital Assets	**2,290,902**	**226,999**	**2,517,901**
Accumulated Surplus (Deficit) excluding remeasurement gains (losses)	**3,583,622**	**382,731**	**3,966,353**

Town of Cut Knife
Schedule of Mill Rates and Assessments
For the year ended December 31, 2025

Schedule 9

	PROPERTY CLASS						
	Agriculture	**Residential**	**Residential Condominium**	**Seasonal Residential**	**Commercial and Industrial**	**Potash Mine(s)**	**Total**
Taxable Assessment	164,065	21,782,800			11,036,570		32,983,435
Regional Park Assessment							
Total Assessment							32,983,435
Mill Rate Factor(s)	1.0000	1.0000			1.5000		
Total Base/Minimum Tax (generated for each property class)	1,700	211,650			42,500		255,850
Total Municipal Tax Levy (include base and/or minimum tax and special levies)	4,604	597,206			335,521		937,331

MILL RATES:	**MILLS**
Average Municipal*	28.4182
Average School*	4.9568
Potash Mill Rate	
Uniform Municipal Mill Rate	17.7000

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

Town of Cut Knife
Schedule of Council Remuneration
For the year ended December 31, 2025 Schedule 10

Position	Name	Remuneration	Reimbursed Costs	Total
Mayor	Don McCallum	5,850	3,464	9,314
Councillor	Sandra Feser	3,150		3,150
Councillor	Lisa Drake	2,925	1,084	4,009
Councillor	Karen Hamel	2,200	1,182	3,382
Councillor	Crystal Pentecost	1,825	512	2,337
Councillor	Natasha Toews	2,000		2,000
Councillor	Grant Wasmuth	2,350		2,350
Total		**20,300**	**6,242**	**26,542**

CONTACT US

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