

TOWN OF LEADER
FINANCIAL STATEMENTS
DECEMBER 31, 2025

INDEPENDENT AUDITOR'S REPORT

To Council of Town of Leader:

Qualified Opinion

We have audited the financial statements of Town of Leader, which comprise the statement of financial position as at December 31, 2025, and the statements of operations, change in net financial assets, cash flow and remeasurement gains and losses 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 paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Public Sector Accounting Standards require that controlled or jointly entities be consolidated into the financial statements of the Town, as they make up part of the Town's government reporting entity. As explained in Note 1 (a), the Town has not consolidated certain entities that it controls or jointly controls. Known entities are listed in Note 1 (a), but we were unable to obtain sufficient and appropriate audit evidence over the completeness and accuracy of the list. Financial statements for these entities were unavailable at the time of our audit and, therefore, we were unable to obtain sufficient and appropriate audit evidence over the extent of adjustments required to the Town's financial statements for these, or other, entities at December 31, 2025 and December 31, 2024.

The quantities of inventory on hand were determined from accounting records of quantity movements, while other items were determined by your administration by actual count. Due to problems of timing, distance, identification and measurement, we did not find it feasible to make a physical count of the various inventory items. We agreed the amount of inventory to the accounting records prepared by management, but as we did not attend the count, we did not do further procedures over quantity or value. Therefore we were unable to obtain sufficient appropriate audit evidence over the Town of Leader's inventory and related expenses as at December 31, 2025 and December 31, 2024.

Public Sector Accounting Standards (PSAS) require that the municipality accrue a liability for asset retirement obligations. The Town of Leader has an asset retirement obligations related to the decommissioning of its landfill, asbestos in certain assets, and potential other items. The landfill has been decommissioned including final cover and landscaping, however it is unknown if there will be additional costs for ongoing post closure monitoring, and these amounts have not been currently estimated. It is also unknown how much asbestos is in the Town assets or what the cost to remediate will be. Due to the uncertainties mentioned above, we were unable to determine the extent of asset retirement obligation adjustments required to the Town's financial statements as at December 31, 2025 and December 31, 2024.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the organization in accordance with 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 qualified opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

Other Matter

The additional information listed in Schedules 1 to 13 has been taken from the accounting records of the organization but has not been audited by us other than in the course of our examination of the aforementioned financial statements to the extent necessary to allow us to render an opinion thereon.

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

As management, the Council is responsible for the preparation and fair presentation of these 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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

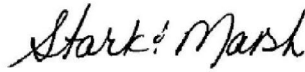
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibility for the Audit of the Financial Statements (continued)

- 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.



____ CPA LLP ____
Chartered Professional Accountants

Swift Current, Saskatchewan
July 21, 2026

Management's Responsibility

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 judgments 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.

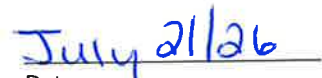
Stark & Marsh CPA LLP, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the financial statements and report directly to them. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.



Mayor - Town of Leader



Administrator



Date

Town of Leader

Statement 1: Statement of Financial Position

As at December 31, 2025

Statement 1

	2025	2024
FINANCIAL ASSETS		Restated - Note 29
Cash and Cash Equivalents (Note 2)	844,823	220,070
Investments (Note 3)	355,042	213,659
Taxes Receivable - Municipal (Note 4)	108,145	45,416
Other Accounts Receivable (Note 5)	291,063	614,394
Assets Held for Sale (Note 6)	41,238	41,238
Long-Term Receivable (Note 7)		
Debt Charges Recoverable (Note 8)		
Derivative Assets (Note 9)		
Other (Specify)		
Total Financial Assets	1,640,311	1,134,777
LIABILITIES		
Bank Indebtedness (Note 10)		284,969
Accounts Payable	142,877	162,476
Accrued Liabilities Payable		
Derivative Liabilities (Note 9)		
Deposits	23,500	24,870
Deferred Revenue (Note 11)	16,259	17,034
Asset Retirement Obligation (Note 12)		
Liability for Contaminated Sites (Note 13)		
Infrastructure Liability (Note 27)		
Other Liabilities		
Long-Term Debt (Note 14)	342,349	161,975
Lease Obligations (Note 15)		
Total Liabilities	524,985	651,324
NET FINANCIAL ASSETS (DEBT)	1,115,326	483,453
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 6, 7)	8,342,374	8,473,821
Intangible Capital Assets (Schedule 8, 9)		
Prepayments and Deferred Charges	42,586	41,200
Stock and Supplies	96,042	122,076
Other (Note 16)		
Total Non-Financial Assets	8,481,002	8,637,097
ACCUMULATED SURPLUS (DEFICIT)	9,596,328	9,120,550
Accumulated surplus is comprised of:		
Accumulated Surplus (Deficit) excluding remeasurement gains (losses) (Schedule 10)	9,596,328	9,120,550
Accumulated remeasurement gains (losses) (Statement 5)	-	-

Unrecognized Assets (Note 1 m)

Contingent Assets (Note 22)

Contractual Rights (Note 23)

Contingent Liabilities (Note 17)

Contractual Obligations and Commitments (Note 24)

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

Town of Leader

Statement 2: Statement of Operations

For the fiscal year ended December 31, 2025

Statement 2

	2025 Budget	2025	2024
REVENUES	(unaudited)		Restated - Note 29
Tax Revenue (Schedule 1)	1,092,683	1,092,078	1,030,193
Other Unconditional Revenue (Schedule 1)	261,728	261,728	245,820
Fees and Charges (Note 28, Schedule 4, 5)	1,152,887	1,266,535	1,180,483
Conditional Grants (Note 28, Schedule 4, 5)	63,848	71,003	74,880
Tangible Capital Asset Sales - Gain (Schedule 4, 5)	-	2,368	10,431
Intangible Capital Asset Sales - Gain (Schedule 4, 5)	-	-	-
Land Sales - Gain (Schedule 4, 5)	-	-	(7,536)
Investment Income (Note 3) (Schedule 4, 5)	20,500	26,294	27,339
Commissions (Schedule 4, 5)	-	-	-
Restructurings (Note 25, Schedule 4,5)	-	-	-
Other Revenues (Schedule 4, 5)	90,890	137,110	120,424
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	363,715	170,201	1,366,472
Total Revenues	3,046,251	3,027,317	4,048,506
EXPENSES			
General Government Services (Schedule 3)	355,837	339,847	382,431
Protective Services (Schedule 3)	156,737	148,041	136,103
Transportation Services (Schedule 3)	538,797	515,162	601,822
Environmental and Public Health Services (Schedule 3)	277,950	271,030	284,839
Planning and Development Services (Schedule 3)	75,000	52,666	53,619
Recreation and Cultural Services (Schedule 3)	629,114	628,282	592,597
Utility Services (Schedule 3)	625,166	596,511	503,451
Restructurings (Note 25, Schedule 3)	-	-	-
Total Expenses	2,658,601	2,551,539	2,554,862
Annual Surplus (Deficit) of Revenues over Expenses	387,650	475,778	1,493,644
Accumulated Surplus (Deficit) excluding remeasurement gains (losses), Beginning of Year	9,120,550	9,120,550	7,626,906
Accumulated Surplus (Deficit) excluding remeasurement gains (losses), End of Year	9,508,200	9,596,328	9,120,550

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

Town of Leader

Statement 3: Statement of Change in Net Financial Assets

For the fiscal year ended December 31, 2025

Statement 3

	2025 Budget	2025	2024
	(unaudited)		
Annual Surplus (Deficit) of Revenues over Expenses	387,650	475,778	1,493,644
(Acquisition) of tangible capital assets	(499,701)	(229,913)	(2,317,833)
Amortization of tangible capital assets	350,415	362,727	306,693
Amortization of intangible capital assets			
Proceeds on disposal of tangible capital assets		1,000	68,731
Loss (gain) on the disposal of tangible capital assets		(2,368)	(10,431)
Proceeds on disposal of intangible capital assets		-	-
Loss (gain) on the disposal of intangible capital assets		-	-
Transfer of assets/liabilities in restructuring transactions		-	-
Surplus (Deficit) of capital expenses over expenditures	(149,286)	131,446	(1,952,840)
(Acquisition) of supplies inventories, net			(2,128)
(Acquisition) of prepaid expense, net		(1,386)	(4,020)
Consumption of supplies inventory, net		26,035	
Use of prepaid expense, net			
Surplus (Deficit) of expenses of other non-financial over expenditures	-	24,649	(6,148)
Unrealized remeasurement gains (losses)		-	-
Increase/Decrease in Net Financial Assets	238,364	631,873	(465,344)
Net Financial Assets (Debt) - Beginning of Year	483,453	483,453	948,797
Net Financial Assets (Debt) - End of Year	721,817	1,115,326	483,453

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

Town of Leader

Statement 4: Statement of Cash Flow

For the fiscal year ended December 31, 2025

Statement 4

	2025	2024
Cash provided by (used for) the following activities		
Restated - Note 29		
Operating:		
Annual Surplus (Deficit) of Revenues over Expenses	475,778	1,493,644
Amortization of tangible capital assets	362,727	306,693
Amortization of intangible capital assets	-	-
Loss (gain) on disposal of tangible capital assets	(2,368)	(10,431)
Loss (gain) on disposal of intangible capital assets	-	-
	836,137	1,789,906
Change in assets/liabilities		
Taxes Receivable - Municipal	(62,729)	23,441
Other Receivables	323,331	(93,748)
Assets Held for Sale	-	(1,530)
Other Financial Assets	-	-
Accounts and Accrued Liabilities Payable	(19,599)	25,054
Derivative Liabilities	-	-
Deposits	(1,370)	(85)
Deferred Revenue	(775)	9,115
Asset Retirement Obligation	-	-
Liability for Contaminated Sites	-	-
Infrastructure Liability	-	-
Other Liabilities	-	-
Stock and Supplies	26,036	(2,128)
Prepayments and Deferred Charges	(1,386)	(4,020)
Other (Specify)	-	-
Cash provided by operating transactions	1,099,645	1,746,005
Capital:		
Acquisition of capital assets	(229,913)	(2,317,833)
Proceeds from the disposal of capital assets	1,000	68,731
Cash applied to capital transactions	(228,913)	(2,249,102)
Investing:		
Decrease (increase) in restricted cash or cash equivalents		
Proceeds on disposal of investments		
Decrease (increase) in investments	(141,383)	(61,077)
Cash provided by (applied to) investing transactions	(141,383)	(61,077)
Financing:		
Debt charges recovered	-	-
Long-term debt issued	300,000	-
Long-term debt repaid	(119,627)	(226,889)
Other financing	(284,969)	284,969
Cash provided by (applied to) financing transactions	(104,596)	58,080
Change in Cash and Cash Equivalents	624,753	(506,094)
Cash and Cash Equivalents	220,070	726,164
Cash and Cash Equivalents - End of Year	844,823	220,070
Cash and cash equivalents is made up of:		
Cash and cash equivalents (Note 2)	844,823	220,070
Less: restricted portion of cash and cash equivalents (Note 2)	-	-
Temporary bank indebtedness		
	844,823	220,070

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

Town of Leader

Notes to the Financial Statements

For the fiscal 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. Entities not consolidated in these financial statements are as follows:

Entity

Leader Make A Splash Foundation

Leader & District Tourism Committee

Local Library Board (proportionate share)

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.

- 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.

Town of Leader

Notes to the Financial Statements

For the fiscal year ended December 31, 2025

1. Significant Accounting Policies - continued

- e) **Revenue** - from transactions with no performance obligations is recognized as revenue in the period it is earned. The municipality has no significant specific performance obligations related to revenues at year end.

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

- f) **Local Improvement Charges:** Local improvement projects financed by frontage taxes recognize any prepayment charges as revenue in the period assessed.
- g) **Net Financial Assets:** Net Financial Assets at the end of an accounting period are the net amount of financial assets less liabilities outstanding. Financial assets represent items such as cash and those other assets on hand which could provide resources to discharge existing liabilities or finance future operations. These include realizable assets which are convertible to cash and not intended for consumption in the normal course of operations.
- h) **Non-financial Assets:** Tangible capital and other non-financial assets are accounted for as assets by the government because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.
- i) **Appropriated Reserves:** Reserves are established at the discretion of Council to designate surplus for future operating and capital transactions. Amounts so designated are described on Schedule 10.

1. Significant Accounting Policies - continued

- j) **Property Tax Revenue:** Property tax revenue is based on assessments determined in accordance with Saskatchewan Legislation and the formulas, principles, and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually by council following the guidance of the Government of Saskatchewan. Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.
- k) **Financial Instruments:** Derivative and equity instruments (or other portfolio investments) that are quoted in an active market are carried at fair value. All other financial instruments are measured at cost/amortized cost; financial assets measured at amortized cost are recognized initially net of transaction costs with interest income recognized using the effective interest rate method. Impairment losses are recognized in the statement of operations when there is an other than temporary decline in value.

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

Long-term debt:

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

Long-term receivable:

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

Measurement of Financial Instruments:

The municipalities financial assets and liabilities are measured as follows:

<u>Financial Statement line item</u>	<u>Measurement</u>
Cash & Cash Equivalents	Cost and amortized cost
Investments	Cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Long-Term Debt	Amortized cost

- 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.

1. Significant Accounting Policies - continued

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

<u>Asset</u>	<u>Useful Life</u>
General Assets	
Land	Indefinite
Land Improvements	15 Yrs
Buildings	40 Yrs
Vehicles & Equipment	
Vehicles	10 Yrs
Machinery and Equipment	5 to 20 Yrs
Leased capital assets	Lease term
Infrastructure Assets	
Infrastructure Assets	15 to 40 Yrs
Water & Sewer	40 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 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 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.

Town of Leader

Notes to the Financial Statements

For the fiscal year ended December 31, 2025

1. Significant Accounting Policies - continued

- n) **Public Private Partnerships:** Public private partnerships where the municipality procures infrastructure using a private sector partner are accounted for and reported as infrastructure assets on the Statement of Financial Position and are initially recognized at cost. The municipality has no such partnerships 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. Trust fund activities administered by the municipality are disclosed in Note 20.
- 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.

1. Significant Accounting Policies - continued

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

Measurement uncertainty impacts the following financial statement areas:

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

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

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

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

The liability associated with asset retirement obligations are measured with reference to the best estimate of the amount required to 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.

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

These determinations will affect the amount of amortization expense on intangible capital assets recognized in future periods. Management assesses impairment by comparing the recoverable amount of an intangible capital asset with its carrying value. The determination of the recoverable amount involves significant estimation by management.

The municipality is subject to uncertainties specifically pertaining to water utility billings. Usage is estimated throughout the year and adjusted to actual based on water meter readings, typically twice annually.

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

1. Significant Accounting Policies - continued

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

The segments (functions) are as follows:

General Government: Provides for the administration of the municipality.

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

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

Environmental and Public Health: The environmental segment provides waste disposal and other environmental services. The public health segment provides for expenses related to public health services in the municipality.

Planning and Development: Provides for neighbourhood development and sustainability.

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

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

- t) **Budget Information:** Budget information is presented on a basis consistent with that used for actual results. The budget was approved by Council on June 17, 2025.

- u) **Assets Held for Sale:** the municipality is committed to selling the asset, the asset is in a condition to be sold, the asset is publicly seen to be for sale, there is an active market for the asset, there is a plan in place for selling the asset and the sale is reasonably anticipated to be completed within one year of the financial statement date.

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

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

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates.

At remediation, the municipality derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the statement of operations.

Town of Leader**Notes to the Financial Statements****For the fiscal year ended December 31, 2025****1. Significant Accounting Policies - continued**

- w) **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. Information on these loan guarantees provided by the municipality are disclosed in Note 28, if applicable.

2. Cash and Cash Equivalents

	2025	2024
Cash	750,612	-
Cash in savings accounts	94,211	220,070
Restricted Cash	-	-
Total Cash and Cash Equivalents	844,823	220,070

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:		
Guaranteed Investment Certificates (GICs)	302,618	213,659
Term deposit, 3.70% fixed rate 12 months term matures Mar. 4, 2026	52,424	-
Total investments	355,042	213,659

GICs have effective interest rates of 3.4100% to 3.6100% (Prior 3.900% to 5.100%), all three GIC's totalling \$302,618 are non-redeemable and mature beyond one year.

Investment Income

	2025	2024
Interest	15,125	19,379
Total investment income	15,125	19,379

Town of Leader**Notes to the Financial Statements****For the fiscal year ended December 31, 2025****2. Cash and Cash Equivalents**

	2025	2024
Cash	750,612	-
Cash in savings accounts	94,211	220,070
Restricted Cash	-	-
Total Cash and Cash Equivalents	844,823	220,070

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.

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	2025	2024
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Investment Income

	2025	2024
Interest	15,125	19,379
Total investment income	15,125	19,379

Town of Leader

Notes to the Financial Statements

For the fiscal year ended December 31, 2025

4. Taxes Receivable - Municipal

	2025	2024
Municipal - Current	106,832	83,650
- Arrears	93,192	66,642
	200,024	150,292
- Less Allowance for Uncollectible	(91,879)	(104,876)
Total municipal taxes receivable	108,145	45,416
School - Current	21,807	18,700
- Arrears	23,364	15,150
Total taxes to be collected on behalf of School Divisions	45,171	33,850
Other		
Total taxes and grants in lieu receivable or to be collected on behalf of other organizations	153,316	79,266
Deduct taxes to be collected on behalf of other organizations	(45,171)	(33,850)
Total Taxes Receivable - Municipal	108,145	45,416

5. Other Accounts Receivable

	2025	2024
		Restated - Note 29
Federal Government	61,558	163,211
Provincial Government	1,500	213,000
Local Government	40,197	7,946
Utility	145,020	195,264
Trade	43,212	36,043
Other (Interest receivable)	1,609	2,012
Total Other Accounts Receivable	293,096	617,476
Less: Allowance for Uncollectible	(2,033)	(3,082)
Net Other Accounts Receivable	291,063	614,394

Town of Leader

Notes to the Financial Statements

For the fiscal year ended December 31, 2025

6. Assets Held for Sale

	2025	2024
Tax Title Property	109,705	93,060
Allowance for market value adjustment	(109,705)	(93,060)
Net Tax Title Property	-	-
Other Land	41,238	41,238
Allowance for market value adjustment	-	-
Net Other Land	41,238	41,238
Other (Describe)		
Total Assets Held for Sale	41,238	41,238

7. Long-Term Receivable

The municipality has no significant long-term receivables as at December 31, 2025.

8. Debt Charges Recoverable

The municipality has no significant debt charges recoverable at December 31, 2025.

Town of Leader
Notes to the Financial Statements
For the fiscal year ended December 31, 2025

9. Financial Instruments - Fair Value Disclosures

The municipality does not have any significant financial instruments carried at fair value as at December 31, 2025. For those instruments carried at cost/amortized cost the carrying value approximates the fair value.

10. Bank Indebtedness

The municipality had no significant bank indebtedness as at December 31, 2025 (2024 - \$240,788 drawn on an authorized overdraft at 5.950% interest). This credit facility was removed after it was repaid.

11. Deferred Revenue

	2024	Externally Restricted	Revenue Earned	2025
Prepaid taxes	8,234	9,859	8,234	9,859
Board advertising commitment	8,800	-	2,400	6,400
Total Deferred Revenue	17,034	9,859	10,634	16,259

12. Asset Retirement Obligation

Landfill

Landfill closure and post-closure care requirements have been defined in accordance with The Environmental Management and Protection Act and include final covering and landscaping of the landfill, pumping of ground water, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The landfill has been decomissioned, including final covering and landscaping, but there may be ongoing monitoring or testing required for an indeterminate period which has not been estimated and accordingly no liability is recorded for landfill post-closure costs.

Asbestos

The municipality may own linear assets which contain asbestos, and therefore, the municipality is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The extent of the abatement activities required and the resulting liability is unknown at this time.

Town of Leader

Notes to the Financial Statements

For the fiscal year ended December 31, 2025

13. Liability for Contaminated Sites

The municipality has no known contaminated sites and accordingly there is no accrued liability for estimated future remediation costs for such a site.

14. Long-Term Debt

The debt limit of the municipality is \$2,029,907. 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)).

The Town has the following loans:

A secured loan with principal of \$78,947 outstanding at Dec. 31, 2024 was fully repaid during the year.

A bank loan of \$300,000 with a 48 month term amortized over 48 months with a fixed interest rate of 4.950%, repayable in annual installments of \$85,023 inclusive of principal and interest, or upon demand. Security is by assignment of tax and grant revenues.

Future principal and interest payments are as follows:

Year	Principal	Interest	Current Year Total	Prior Year Total
2026	69,842	15,181	85,023	
2027	73,343	11,680	85,023	
2028	77,087	7,936	85,023	
2029	79,728	4,035	83,763	
2030			-	
Thereafter			-	
Balance	300,000	38,832	338,832	-

A bank loan of \$42,349 requiring 1 payments of \$43,937 inclusive of interest at 3.750%. The security is the asset acquired, which has a carrying value of \$105,870. The debtor has the right to declare the loan due on demand, however, until this occurs payments will be made as previously described.

Future principal repayments are estimated as follows:

Year	Principal	Interest	Current Year Total	Prior Year Total
2026	42,349	1,588	43,937	87,730
2027			-	
2028			-	
2029			-	
2030			-	
Thereafter			-	
Balance	42,349	1,588	43,937	87,730

Town of Leader

Notes to the Financial Statements

For the fiscal year ended December 31, 2025

15. Lease Obligations

The municipality had no capital leases as at December 31, 2025.

16. Other Non-financial Assets

The municipality had no significant other non-financial assets as at December 31, 2025.

17. Contingent Liabilities

The Lemsford Ferry Regional Park which is affiliated with the Town has been closed. The Town, as well as other surrounding municipalities, is expected to incur costs associated with the closing and site reclamation. The costs cannot be reasonably estimated and accordingly, no liability has been accrued in these financial statements.

18. 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 \$39,840. 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.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. Any actuarially determined deficiency is the responsibility of the participating employers and employees, which could affect the future contribution rates and/or benefits. Contributions to MEPP are not segregated in separate accounts or restricted to provide benefits to the employees of a particular employer. As a result, individual employers are not able to identify their share of the underlying assets and liabilities, and the net pension assets or liabilities for this plan are not recognized in these financial statements. Rather, the plan is accounted for as a defined contribution plan whereby the contributions are expensed when made.

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

Details of MEPP	2025	2024
Number of active members	9	9
Member contribution rate (percentage of salary)	9.00%	9.00%
Employer contribution rate (percentage of salary)	9.00%	9.00%
Member contributions for the year	39,840	39,534
Employer contributions for the year	39,840	39,534
Plan Assets	4,385,912,000	4,090,806,000
Plan Liabilities	2,749,572,000	2,571,158,000
Plan Surplus	1,636,340,000	1,519,648,000

Town of Leader
Notes to the Financial Statements
For the fiscal year ended December 31, 2025

19. Comparative Figures

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

20. Trusts Administered by the Municipality

A summary of trust fund activity related to the Leader Advisory Trust Committee recorded by the municipality during the year is as follows:

	Current Year Total	Prior Year Total
Balance - Beginning of Year	2,355	57,621
Revenue (Donations, auction proceeds)		2,200
Interest revenue		1,655
Expenditure (Payment of funds raised)	(2,355)	(59,121)
Balance - End of Year	-	2,355

21. Related Parties

The municipality did not have any significant related party transactions during the 2025 fiscal year.

22. Contingent Assets

The municipality does not have any reportable contingent assets.

23. Contractual Rights

The municipality has signed a contribution agreement under the Permanent Public Transit Program - Active Transportation Fund for the development of a multi-purpose trail to provide safety, accessibility, and active living for all community members. This entitles the Town to a contribution of not more than 60% of eligible expenditures on the project to a maximum funding of \$157,000. The project completion date is November 30, 2026. To December 31, 2025 the Municipality has received \$29,087.

Contractual Rights Type	Describe Nature Time and Extent	2026	2027	2028	2029	2030	Thereafter	No Fixed Maturity Date	Current Year Total	Prior Year Total
Permanent Public Transit Program - Active Transportation Fund	Multi-purpose trail agreement, funding of 60% reimbursement up to a maximum of \$157,000	127,913	-	-	-	-	-	-	127,913	157,000
Total		127,913	-	-	-	-	-	-	127,913	157,000

Town of Leader

Notes to the Financial Statements

For the fiscal year ended December 31, 2025

24. Contractual Obligations and Commitments

The municipality committed \$25,000 over 5 years towards funding a community project.

Contractual Obligations and Commitments Type ¹	Describe Nature Time and Extent	2025	2026	2027	2028	2029	Thereafter	No Fixed Maturity Date	Current Year Total	Prior Year Total
Funding for a Community Project	\$25,000 in equal installments over 5 years	5,000	5,000	5,000	5,000	5,000	-	-	25,000	-
									-	
Total		5,000	5,000	5,000	5,000	5,000	-	-	25,000	-

¹ See Note 15 for Capital Lease obligations.

25. Restructuring Transactions

The municipality does not have any reportable restructuring transactions.

26. Risk Management

Through its financial assets and liabilities, the municipality is exposed to various risks including credit risk, market risk and interest rate risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge their responsibilities with respect to the financial instrument, and in so doing, cause a loss for the other party. The financial instruments that potentially subject the municipality to credit risk consist of taxes receivable, utility billings receivable, and trade receivables.

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

2025

Taxes receivable	200,024
Utility receivable	145,020
Trade receivables	43,212
Maximum credit risk exposure	243,236

At December 31 the following receivables were due but not impaired:

	30 days	60 days	90 days	Over 120
Taxes receivable	14,953	-	-	93,192
Utility receivable	118,311	625	17,857	6,194
Trade receivables	35,509	1,930	5,341	432
Net total	50,462	1,930	5,341	93,624

Town of Leader

Notes to the Financial Statements

For the fiscal year ended December 31, 2025

26. Risk Management continued

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 cash and cash equivalents.

27. Public Private Partnerships:

The municipality has no reportable Public Private Partnerships.

28. Loan Guarantees

The municipality has no significant loan guarantees at December 31, 2025.

29. Correction of Prior Period Error

During the year, the municipality identified an error in 2024 water utility billings due to a missed water meter reading. Due to this error, the municipality's 2024 utility accounts receivable and 2024 water revenues were previously understated by \$50,919. The 2024 amounts have been restated from those previously reported to correct for this error. The correction of this error has impacted the municipality's financial statements as follows: the 2024 utility accounts receivable has increased by \$50,919, and the 2024 revenues have increased by \$50,919.