

TOWN OF VAUXHALL
Consolidated Financial Statements
Year Ended December 31, 2025

TOWN OF VAUXHALL
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Year Ended December 31, 2025

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements are the responsibility of the management of the Town of Vauxhall (The "Town").

These consolidated financial statements have been prepared from information provided by management. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council meets periodically with management and the external auditors to review significant accounting, reporting and internal control matters. Following its review of the consolidated financial statements and discussions with the auditors, the Council approves the consolidated financial statements. The Council approves the appointment of the external auditors and reviews the monthly financial reports.

The consolidated financial statements have been audited by Shawn Cook Professional Corporation, Chartered Professional Accountants, the external auditor, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Town. Shawn Cook Professional Corporation has full and free access to the Council.



INDEPENDENT AUDITOR'S REPORT

To the Members of Council of the Town of Vauxhall

Opinion

We have audited the consolidated financial statements of Town of Vauxhall (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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Independent Auditor's Report to the Members of Council of the Town of Vauxhall *(continued)*

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 consolidated 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 Town'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 Town'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 consolidated 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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Lethbridge, Alberta
April 20, 2026

Shawn Cook
Professional Corporation

Chartered Professional Accountants

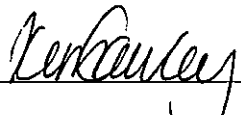



TOWN OF VAUXHALL
Consolidated Statement of Financial Position
December 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 317,656	\$ 1,509,349
Temporary investments <i>(Note 3)</i>	1,488,154	2,928,687
Taxes and grants in place of taxes receivable <i>(Note 4)</i>	75,560	59,377
Trade and other receivables <i>(Note 4)</i>	1,806,048	295,617
Investments <i>(Note 5)</i>	25,989	25,261
	<u>3,713,407</u>	<u>4,818,291</u>
LIABILITIES		
Trade accounts payable	362,055	376,362
Employee deductions payable	15,673	18,960
Employee benefit obligation <i>(Note 6)</i>	3,926	5,881
Asset retirement obligation <i>(Note 7)</i>	54,271	52,184
Deferred revenue <i>(Note 8)</i>	63,841	897,849
Long term debt <i>(Note 9)</i>	189,635	248,260
	<u>689,401</u>	<u>1,599,496</u>
NET FINANCIAL ASSETS	<u>3,024,006</u>	<u>3,218,795</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Schedule 2)</i>	11,734,265	8,458,148
Inventory for consumption	47,164	27,755
Land held for resale	22,241	22,241
Prepaid expenses	7,693	8,017
	<u>11,811,363</u>	<u>8,516,161</u>
ACCUMULATED SURPLUS <i>(Schedule 1 and Note 12)</i>	<u>\$ 14,835,369</u>	<u>\$ 11,734,956</u>

COMMITMENTS AND CONTINGENCIES *(Note 17)*

Approved on behalf of Council:


 _____ Chief Elected Officer

 _____ Councillor

TOWN OF VAUXHALL
Consolidated Statement of Operations
Year Ended December 31, 2025

	Budget (Unaudited)	2025	2024
REVENUE			
Net municipal taxes <i>(Schedule 3)</i>	\$ 1,299,561	\$ 1,315,796	\$ 1,300,082
User fees and sales of goods	686,600	821,459	794,264
Government transfers for operating <i>(Schedule 4)</i>	483,868	528,235	641,889
Franchise and concession contracts <i>(Note 14)</i>	128,100	127,558	125,585
Other revenue	24,900	96,628	131,606
Rentals	99,300	91,986	97,300
Investment income	127,000	88,582	129,375
Penalties and costs of taxes	30,800	34,610	30,242
Licenses and permits	12,700	13,589	12,345
Gain on sale of tangible capital assets	-	-	10,000
Sale of land held for resale	-	-	33,000
	<u>2,892,829</u>	<u>3,118,443</u>	<u>3,305,688</u>
EXPENDITURES			
Legislative	98,700	95,451	72,903
Administration	449,100	515,780	469,627
Bylaw enforcement	74,675	68,954	69,257
Fire and disaster services	159,338	139,345	160,460
Public works	473,900	660,758	725,823
Wastewater treatment and disposal	91,350	138,490	88,945
Water supply and distribution	616,942	603,310	678,290
Waste management	252,000	281,262	269,028
Family and community support services	10,494	10,494	10,288
Cemeteries and crematoriums	24,850	25,831	18,867
Economic and agricultural development	32,366	21,433	32,488
Parks and recreation and culture	588,095	911,161	778,922
	<u>2,871,810</u>	<u>3,472,269</u>	<u>3,374,898</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER	21,019	(353,826)	(69,210)
OTHER			
Government transfers for capital <i>(Schedule 4)</i>	-	3,454,239	2,034,386
EXCESS OF REVENUE OVER EXPENDITURES	21,019	3,100,413	1,965,176
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>11,734,956</u>	<u>11,734,956</u>	<u>9,769,780</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 11,755,975</u>	<u>\$ 14,835,369</u>	<u>\$ 11,734,956</u>

TOWN OF VAUXHALL**Consolidated Statement of Changes in Net Financial Assets (Debt)****Year Ended December 31, 2025**

	Budget (Unaudited)	2025	2024
EXCESS OF REVENUE OVER EXPENDITURES	\$ 21,019	\$ 3,100,413	\$ 1,965,176
Purchase of tangible capital assets	(4,514,986)	(3,911,096)	(2,090,558)
Proceeds on disposal of tangible capital assets	-	-	10,000
Amortization of tangible capital assets	-	634,979	502,604
Gain on sale of tangible capital assets	-	-	(10,000)
	<u>(4,514,986)</u>	<u>(3,276,117)</u>	<u>(1,587,954)</u>
Use of prepaid expenses	-	324	3,739
Use of inventory for consumption	-	(19,409)	14,602
	<u>-</u>	<u>(19,085)</u>	<u>18,341</u>
	<u>(4,514,986)</u>	<u>(3,295,202)</u>	<u>(1,569,613)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(4,493,967)	(194,789)	395,563
NET FINANCIAL ASSETS, BEGINNING OF YEAR	3,218,795	3,218,795	2,823,232
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>(1,275,172)</u>	\$ <u>3,024,006</u>	\$ <u>3,218,795</u>

TOWN OF VAUXHALL
Consolidated Statement of Cash Flows
Year Ended December 31, 2025

	2025	2024
OPERATING		
Excess of revenue over expenditures	\$ 3,100,413	\$ 1,965,176
Non-cash items included in excess of revenue over expenditures		
Accretion of asset retirement obligation	2,087	2,007
Amortization of tangible capital assets	634,979	502,604
Gain on sale of tangible capital assets	-	(10,000)
	<u>3,737,479</u>	<u>2,459,787</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	(16,183)	(9,584)
Trade and other receivables	(1,510,431)	377,668
Trade accounts payable	(14,307)	271,175
Employee deductions payable	(3,287)	5,244
Employee benefit obligation	(1,955)	(2,374)
Deferred revenue	(834,008)	(823,192)
Inventory for consumption	(19,409)	14,602
Prepaid expenses	324	3,739
	<u>(2,399,256)</u>	<u>(162,722)</u>
	<u>1,338,223</u>	<u>2,297,065</u>
CAPITAL		
Purchase of tangible capital assets	(3,911,096)	(2,090,558)
Proceeds on disposal of tangible capital assets	-	10,000
	<u>(3,911,096)</u>	<u>(2,080,558)</u>
INVESTING		
Proceeds from investments	-	6,551
Reinvested distributions	(728)	(1,276)
	<u>(728)</u>	<u>5,275</u>
FINANCING		
Repayment of long-term debt	(58,625)	(56,992)
CHANGE DURING THE YEAR	<u>(2,632,226)</u>	<u>164,790</u>
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>4,438,036</u>	<u>4,273,246</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u>\$ 1,805,810</u>	<u>\$ 4,438,036</u>
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 317,656	\$ 1,509,349
Temporary investments	1,488,154	2,928,687
	<u>\$ 1,805,810</u>	<u>\$ 4,438,036</u>

TOWN OF VAUXHALL

**Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2025**

(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2025	2024
BALANCE, BEGINNING OF THE YEAR	\$ 1,858,156	\$ 1,719,096	\$ 8,157,704	\$ 11,734,956	\$ 9,769,780
Excess of revenues over expenses	3,100,413	-	-	3,100,413	1,965,176
Unrestricted funds used for tangible capital assets	(3,911,096)	-	3,911,096	-	-
Amortization of tangible capital assets	634,979	-	(634,979)	-	-
Accretion of asset retirement obligation	2,087	-	(2,087)	-	-
Repayment of long-term debt	(58,625)	-	58,625	-	-
Change in accumulated surplus	(232,242)	-	3,332,655	3,100,413	1,965,176
BALANCE, END OF THE YEAR	\$ 1,625,914	\$ 1,719,096	\$ 11,490,359	\$ 14,835,369	\$ 11,734,956

TOWN OF VAUXHALL
Schedule of Tangible Capital Assets
Year Ended December 31, 2025

(Schedule 2)

	Construction in Progress	Land	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2025	2024
COST								
BALANCE, BEGINNING OF YEAR	\$ 2,009,010	\$ 52,400	\$ 4,463,938	\$ 12,066,958	\$ 1,485,599	\$ 507,968	\$ 20,585,873	\$ 18,511,665
Acquisition of tangible capital assets	-	-	2,361,377	1,301,720	198,881	49,118	3,911,096	87,660
Construction in-progress	(2,002,898)	-	45,847	1,957,051	-	-	-	2,002,898
Disposal of tangible capital assets	-	-	-	-	-	-	-	(16,350)
BALANCE, END OF YEAR	6,112	52,400	6,871,162	15,325,729	1,684,480	557,086	24,496,969	20,585,873
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	-	2,755,918	8,137,106	855,623	379,078	12,127,725	11,641,471
Amortization of tangible capital assets	-	-	147,583	314,579	105,810	67,007	634,979	502,604
Accumulated amortization on disposals	-	-	-	-	-	-	-	(16,350)
BALANCE, END OF YEAR	-	-	2,903,501	8,451,685	961,433	446,085	12,762,704	12,127,725
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 6,112	\$ 52,400	\$ 3,967,661	\$ 6,874,044	\$ 723,047	\$ 111,001	\$ 11,734,265	\$ 8,458,148
2024 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 2,009,010	\$ 52,400	\$ 1,708,020	\$ 3,929,852	\$ 629,976	\$ 128,890	\$ 8,458,148	

TOWN OF VAUXHALL**Schedule of Property and Other Taxes****(Schedule 3)****Year Ended December 31, 2025**

	Budget (Unaudited)	2025	2024
TAXATION			
Real property taxes	\$ 1,378,451	\$ 1,343,294	\$ 1,274,680
Linear property taxes	-	46,266	44,255
Government grants in place of property taxes	-	9,555	7,350
Local improvement taxes	258,205	253,776	258,205
	<u>1,636,656</u>	<u>1,652,891</u>	<u>1,584,490</u>
REQUISITIONS			
Alberta School Foundation Fund	322,750	322,750	271,311
Seniors foundation	14,345	14,345	13,097
	<u>337,095</u>	<u>337,095</u>	<u>284,408</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 1,299,561</u>	<u>\$ 1,315,796</u>	<u>\$ 1,300,082</u>

TOWN OF VAUXHALL
Schedule of Government Transfers
Year Ended December 31, 2025

(Schedule 4)

	Budget (Unaudited)	2025	2024
TRANSFERS FOR OPERATING			
Provincial Government	\$ 278,368	\$ 295,851	\$ 403,653
Other Local Government	205,500	225,444	232,851
Federal Government	-	6,940	5,385
	<u>483,868</u>	<u>528,235</u>	<u>641,889</u>
TRANSFERS FOR CAPITAL			
Provincial Government	-	2,754,239	2,034,386
Other Local Government	-	700,000	-
	<u>-</u>	<u>3,454,239</u>	<u>2,034,386</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 483,868</u>	<u>\$ 3,982,474</u>	<u>\$ 2,676,275</u>

TOWN OF VAUXHALL**Schedule of Consolidated Expenses by Object
Year Ended December 31, 2025****(Schedule 5)**

	Budget (Unaudited)	2025	2024
CONSOLIDATED EXPENSES BY OBJECT			
Contracted and general services	\$ 1,025,824	\$ 1,001,550	\$ 1,008,693
Salaries, wages and benefits	903,600	952,744	941,306
Materials, goods, supplies, and utilities	881,250	825,041	844,601
Transfers to local boards and agencies	47,594	31,591	60,850
Other expenses	-	11,935	-
Interest on long-term debt	7,042	6,615	8,676
Bank charges and short-term interest	6,500	5,727	6,161
Accretion of asset retirement obligation	-	2,087	2,007
Amortization of tangible capital assets	-	634,979	502,604
	<u>\$ 2,871,810</u>	<u>\$ 3,472,269</u>	<u>\$ 3,374,898</u>

TOWN OF VAUXHALL
Schedule of Segmented Disclosure
Year Ended December 31, 2025

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health Services	Planning and development	Recreation and culture	Total
REVENUE								
Government transfers	\$ 278,368	\$ -	\$ 226,218	\$ 1,100,547	\$ -	\$ -	\$ 2,377,341	\$ 3,982,474
Net municipal taxes	1,315,796	-	-	-	-	-	-	1,315,796
User fees and sales of goods	6,311	-	-	780,324	6,750	-	28,074	821,459
Franchise and concession contracts	127,558	-	-	-	-	-	-	127,558
Other revenues	14,772	-	23,434	13,481	-	-	44,941	96,628
Rentals	-	18,119	-	-	-	-	73,867	91,986
Investment income	88,582	-	-	-	-	-	-	88,582
Penalties and costs of taxes & licenses	48,199	-	-	-	-	-	-	48,199
	1,879,586	18,119	249,652	1,894,352	6,750	-	2,524,223	6,572,682
EXPENDITURES								
Contracted and general services	144,817	196,769	102,256	222,446	2,096	17,773	315,393	1,001,550
Salaries, wages and benefits	355,750	6,792	245,422	125,742	19,904	-	199,134	952,744
Materials, goods, supplies, and utilities	42,255	413	101,050	500,373	3,427	3,660	173,863	825,041
Transfers to local boards	18,227	-	-	-	10,494	-	2,870	31,591
Other expenses	11,935	-	-	-	-	-	-	11,935
Interest on long-term debt	-	-	-	6,615	-	-	-	6,615
Bank charges and short-term interest	5,727	-	-	-	-	-	-	5,727
	578,711	203,974	448,728	855,176	35,921	21,433	691,260	2,835,203
NET REVENUE BEFORE AMORTIZATION	1,300,875	(185,855)	(199,076)	1,039,176	(29,171)	(21,433)	1,832,963	3,737,479
Accretion of asset retirement obligation	-	-	-	1,126	-	-	961	2,087
Amortization of tangible capital assets	32,520	4,325	212,030	166,760	404	-	218,940	634,979
	32,520	4,325	212,030	167,886	404	-	219,901	637,066
NET REVENUE	\$ 1,268,355	\$ (190,180)	\$ (411,106)	\$ 872,416	\$ (29,575)	\$ (21,433)	\$ 1,614,023	\$ 3,100,413

TOWN OF VAUXHALL
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Vauxhall (the "Town") are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources. Included with the Town are the following:

Vauxhall Public Library

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, 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, services performed or the tangible capital assets are acquired.

Revenue Recognition

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues and the amounts to be received can be reasonably estimated and collection is reasonably assured.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payer. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered.

User charges for which the related services have yet to be performed are recognized when related expenses are incurred, benefits are achieved, or tangible capital assets are acquired. Revenue on investments, fines, and penalties are recognized when earned.

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TOWN OF VAUXHALL
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant areas subject to such estimates and assumptions are the collectability of accounts receivable and the useful lives of tangible capital assets.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid.

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective function. Land held for resale is classified as a financial asset when the land is in a condition to be sold, is marketed for sale, and is reasonably anticipated that the land will be sold within one year.

Tax Revenue

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.

(continues)

TOWN OF VAUXHALL
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contaminated Sites Liability

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 a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

Asset Retirement Obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Town reviews the carrying amount of the liability. The Town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

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 in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(continues)

TOWN OF VAUXHALL
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Buildings	25 - 50
Engineered structures	25 - 50
Machinery and equipment	5 - 25
Vehicles	5 - 25

One half of the amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

2. CASH AND CASH EQUIVALENTS

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 317,656	\$ 1,509,349

Included in cash and cash equivalents and temporary investments is a restricted amount of \$10,882 (2024 - \$849,082) received from various grant programs which are held exclusively for approved projects (Note 8).

TOWN OF VAUXHALL
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

3. TEMPORARY INVESTMENTS

	<u>2025</u>	<u>2024</u>
High-interest savings accounts	\$ 1,140,799	\$ 2,593,721
Guaranteed Investment Certificate (GIC)	347,355	334,966
	<u>\$ 1,488,154</u>	<u>\$ 2,928,687</u>

The GIC is held with The Bank of Nova Scotia and will mature in December 2026 with an interest rate of 2.80% (2024 - 3.40%). A portion of the Town's temporary investments are held for certain purposes including reserves and capital purchases.

4. RECEIVABLES

	<u>2025</u>	<u>2024</u>
Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	\$ 59,347	\$ 45,958
Tax arrears and grants in lieu	16,213	13,419
	<u>75,560</u>	<u>59,377</u>
Trade and other		
Grants	1,559,074	82,925
Goods and services tax recoverable	146,261	120,423
Utility accounts	60,544	62,862
Trade accounts	28,161	29,407
Franchise fees	12,008	-
	<u>1,806,048</u>	<u>295,617</u>

5. INVESTMENTS

	<u>2025</u>	<u>2024</u>
South Country Coop Equity	\$ 25,613	\$ 25,018
UFA Coop Equity	366	233
AMFC investment	10	10
	<u>\$ 25,989</u>	<u>\$ 25,261</u>

6. EMPLOYEE BENEFIT OBLIGATION

The employee benefit obligation is comprised of accrued vacation and/or overtime that employees deferred to future years. Employees have either earned the benefits or are entitled to these benefits within the next fiscal year.

TOWN OF VAUXHALL
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

7. ASSET RETIREMENT OBLIGATION

The Town has adopted PS3280 Asset Retirement Obligation. The Town owns a building which contains asbestos and, therefore, the town is legally required to perform abatement activities upon renovation or demolition of this building. The Town operates a landfill site and is legally required to perform closure and post-closure activities upon retirement of this site. Undiscounted future cash flows for the landfill expected are a closure costs in the year 2063 of \$120,000. The estimated total liability of \$26,036 is based on the sum of discounted future cash flows for closure and post-closure activities using a discount rate of 6% and assuming annual inflation of 2%. Undiscounted future cash flows for the building expected are an abatement cost in the year 2038 of \$40,000. The estimated total liability of \$22,211 is based on the sum of discounted future cash flows for abatement activities using a discount rate of 6% and assuming annual inflation of 2%. The Town has not designated assets for settling closure and post-closure liabilities.

	<u>2025</u>
Balance, beginning of year	52,184
Liabilities incurred	-
Liabilities settled	-
Change in estimated cash flows	-
Accretion expense	<u>2,087</u>
	<u>54,271</u>

8. DEFERRED REVENUE

	Balance, beginning of year	Received	Recognized	Balance, end of year
Prepaid taxes	\$ 33,886	\$ 40,825	\$ 33,886	\$ 40,825
Prepaid utilities	13,113	10,168	13,113	10,168
Deposits and Sundry	1,768	296	98	1,966
Alberta Municipal Water / Wastewater Partnership	648,458	367,045	1,015,503	-
Canada Community-Building Fund	140,624	-	140,624	-
Municipal Sustainability Initiative	60,000	-	49,118	10,882
	<u>\$ 897,849</u>	<u>\$ 418,334</u>	<u>\$ 1,252,342</u>	<u>\$ 63,841</u>

Under various grant agreements with the Government of Canada and the Province of Alberta, the Town is required to account for grants provided and to complete the projects or program in accordance with the standards detailed in the various agreements. If these requirements are not adhered to, grants provided will become repayable to the source Government. Unexpended funds are repayable to the source Government upon final accounting. Funds are deferred until related expenditures under the specific grant agreement have been incurred.

TOWN OF VAUXHALL
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

9. LONG TERM DEBT

	<u>2025</u>	<u>2024</u>
Tax supported debentures	<u>\$ 189,635</u>	<u>\$ 248,260</u>

Principal and interest repayment terms are approximately:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 60,306	\$ 5,361	\$ 65,667
2027	27,982	5,361	33,343
2028	7,039	3,726	10,765
2029	7,268	3,215	10,483
2030	7,504	2,986	10,490
Thereafter	<u>79,536</u>	<u>12,748</u>	<u>92,284</u>
	<u>\$ 189,635</u>	<u>\$ 33,397</u>	<u>\$ 223,032</u>

Debenture debt is repayable to the Alberta Capital Finance Authority which bears interest at rates ranging from 2.634% to 3.228% per annum and matures in 2026, 2027, and 2039. Debentures were issued to fund investment in Vauxhall and District Regional Water Services Commission and the Vauxhall Public Library. This will be funded through utility (water) rate and tax collection respectively. Debenture debt is issued on the credit and security of the Town at large.

10. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town be disclosed as follows:

	<u>2025</u>	<u>2024</u>
Total debt limit	\$ 4,677,665	\$ 4,958,532
Total debt	<u>(189,635)</u>	<u>(248,260)</u>
Amount of debt limit unused	<u>4,488,030</u>	<u>4,710,272</u>
Debt servicing limit	779,611	826,422
Debt servicing	<u>(65,667)</u>	<u>(65,667)</u>
Amount of debt servicing limit unused	<u>713,944</u>	<u>760,755</u>

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Town. Rather, the consolidated financial statements must be interpreted as a whole.

TOWN OF VAUXHALL
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2025</u>	<u>2024</u>
Tangible capital assets (Schedule 2)	\$ 24,496,969	\$ 20,585,873
Accumulated amortization (Schedule 2)	(12,762,704)	(12,127,725)
Long-term debt (Note 9)	(189,635)	(248,260)
Asset retirement obligation (Note 7)	<u>(54,271)</u>	<u>(52,184)</u>
	\$ 11,490,359	\$ 8,157,704

12. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2025</u>	<u>2024</u>
Unrestricted surplus	\$ 1,625,914	\$ 1,858,156
Restricted surplus		
Operating reserves	128,440	128,440
Fire	92,911	92,911
Disaster	40,000	40,000
Bylaw	15,000	15,000
Roads	347,781	347,781
Storm sewer	115,371	115,371
Water	259,511	259,511
Sewer	39,065	39,065
Garbage	107,543	107,543
Cemetery	17,400	17,400
Subdivision	337,941	337,941
Economic development	24,000	24,000
Recreation	194,133	194,133
Equity in tangible capital assets (Note 11)	<u>11,490,359</u>	<u>8,157,704</u>
	\$ 14,835,369	\$ 11,734,956

13. BUDGET AMOUNTS

The 2025 budget for the Town was approved by Council and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

TOWN OF VAUXHALL
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

14. FRANCHISE AND CONCESSION CONTRACTS

Disclosure of franchise fees under each utility franchise agreement entered into by the Town as required by Alberta Regulation 313/2000 is as follows:

	Budget (Unaudited)	2025	2024
Fortis electricity	\$ 85,000	\$ 85,785	\$ 84,615
ATCO natural gas	43,100	41,773	40,970
	<u>\$ 128,100</u>	<u>\$ 127,558</u>	<u>\$ 125,585</u>

15. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative office and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits & Allowances (2)	2025	2024
Mayor Cawley	\$ 13,158	\$ 575	\$ 13,733	\$ 13,213
Councillor Ballard	1,655	64	1,719	-
Councillor Coad	-	-	-	2,759
Councillor Deleeuw	8,678	308	8,986	8,527
Councillor Dorin	6,040	186	6,226	7,630
Councillor Forchuk	9,635	365	10,000	9,782
Councillor Norris	10,555	-	10,555	10,555
Councillor Wolf	2,548	117	2,665	-
Councillor Zacharias	8,105	274	8,379	8,290
Chief Administrative Officer	118,614	23,896	142,510	126,603
Assessor (1) & Development Officer (1)	17,585	-	17,585	16,918

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition, if any.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships, if any.

TOWN OF VAUXHALL
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

16. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP serves approximately 304,451 people and about 444 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 8.45% (2024 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (2024 - 11.65%) on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2025 were \$52,794 (2024 - \$51,398). Total current service contributions by the employees of the Town to the LAPP in 2025 were \$46,901 (2024 - \$45,643).

At December 31, 2024, the LAPP disclosed an actuarial surplus of \$19.6 billion; the 2025 LAPP actuarial balance was not available at the date of this report.

17. COMMITMENTS AND CONTINGENCIES

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

Employees of the Town are allowed to accrue sick leave up to a maximum of 119 days. As at December 31, 2025 the amount of accumulated sick leave was \$214,843 (2024 - \$233,069). The total amount was not recorded in the consolidated financial statements as there is no certainty the full amount will be used. The amount of accumulated sick leave is not paid out to employees of the Town when they leave their position.

The Town has entered into a service agreement for the operation and management of the Arena. The current agreement expires March 2030 with a total future obligation of \$729,790 and payments as follows:

2026	\$166,907
2027	\$166,070
2028	\$166,532
2029	\$170,695
2030	\$ 59,586

18. CONTAMINATED SITES LIABILITY

The Town has adopted PS3260 Liability for Contaminated Sites. The Town did not identify any financial liabilities (2024 - nil) as a result of this standard.

TOWN OF VAUXHALL
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

19. SEGMENTED DISCLOSURE

The Town provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

20. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, land held for resale inventory, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instruments approximates fair value.

21. RELATED PARTIES

The Town, along with the Municipal District of Taber, shares in the ownership of the Vauxhall and District Regional Water Services Commission, which was created for the purpose of potable water treatment and distribution. The Town does not hold significant influence in the commission and as such, is reported in the consolidated financial statements as investment in Vauxhall & District Regional Water Services Commission. The Board of Directors consists of five (5) members, three (3) of which are appointed from the council of the Municipal District of Taber and two (2) of which are appointed from the council of the Town of Vauxhall.

The Vauxhall Public Library which is owned by the Town of Vauxhall is leased and managed by the Vauxhall Public Library Board. The board is comprised of 10 members including one (1) elected official. All board members are appointed through resolution of Council. The Vauxhall Public Library funds its operation through provincial, municipal, and regional operating grants and other incidentals such as membership and book sales and fines.

22. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. The changes do not affect prior year earnings.

23. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

Council and Management have approved these consolidated financial statements.