

**Town of Beaverlodge**  
**Consolidated Financial Statements**  
*December 31, 2025*

# Town of Beaverlodge

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For the year ended December 31, 2025

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## Management's Responsibility

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To the Members of Council of the Town of Beaverlodge:

The accompanying consolidated financial statements of the Town of Beaverlodge (the "Town") are the responsibility of management and have been approved by Council.

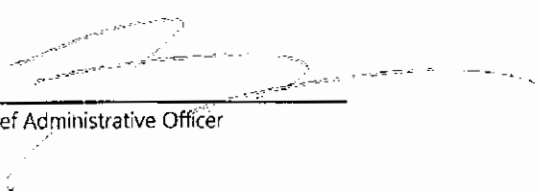
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

Council is composed entirely of individuals who are neither management nor employees of the Town. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Town's external auditors.

MNP LLP is appointed by Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.

April 27, 2026



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Chief Administrative Officer

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To the Members of Council of the Town of Beaverlodge:

## Opinion

We have audited the consolidated financial statements of Town of Beaverlodge and its subsidiaries (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

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 results of its consolidated operations, changes in its consolidated net debt and its consolidated 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 the 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 of the Town intends to cease operations, or has no realistic alternative but to do so.

## 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.

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Town as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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.

Grande Prairie, Alberta

April 27, 2026

*MNP* LLP

Chartered Professional Accountants

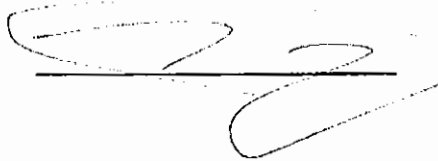
**Town of Beaverlodge**  
**Consolidated Statement of Financial Position**  
*As at December 31, 2025*

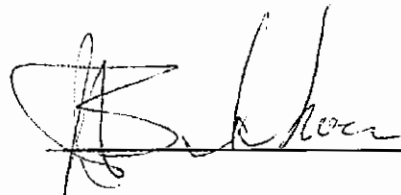
|  | 2025               | 2024               |
|--|--------------------|--------------------|
| <b>Financial assets</b>                                  |                    |                    |
| Cash and temporary investments <i>(Note 2)</i>           | 2,906,750          | 2,415,362          |
| Accounts receivable <i>(Note 3)</i>                      | 760,231            | 799,005            |
| Property tax receivable <i>(Note 4)</i>                  | 238,739            | 264,263            |
| Deposit asset  | 9,881              | 10,588             |
| Investments <i>(Note 5)</i>                              | 903,396            | 903,396            |
|  | 4,818,997          | 4,392,614          |
| <b>Financial liabilities</b>                             |                    |                    |
| Bank indebtedness <i>(Note 6)</i>                        | 1,020,321          | 1,246,729          |
| Accounts payable and accruals <i>(Note 7)</i>            | 535,659            | 592,194            |
| Deferred revenue <i>(Note 8)</i>                         | 883,533            | 193,515            |
| Deposit liabilities                                      | 90,895             | 124,167            |
| Long-term debt <i>(Note 9)</i>                           | 5,795,014          | 6,157,210          |
| Asset retirement obligations <i>(Note 11)</i>            | 1,397,190          | 1,492,685          |
|  | 9,722,612          | 9,806,500          |
| <b>Net debt</b>  | <b>(4,903,615)</b> | <b>(5,413,886)</b> |
| <b>Non-financial assets</b>                              |                    |                    |
| Tangible capital assets <i>(Schedule 2)</i>              | 39,660,337         | 39,996,476         |
| Prepaid expenses   | 2,773              | 2,773              |
| <b>Total non-financial assets</b>                        | <b>39,663,110</b>  | <b>39,999,249</b>  |
| <b>Accumulated surplus <i>(Note 14) (Schedule 1)</i></b> | <b>34,759,495</b>  | <b>34,585,363</b>  |

Contingencies *(Note 18)*

Commitments *(Note 19)*

Approved on behalf of Council:

  
 \_\_\_\_\_ Mayor

  
 \_\_\_\_\_ Councillor

*The accompanying notes are an integral part of these consolidated financial statements*

**Town of Beaverlodge**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended December 31, 2025*

|   | 2025<br><i>Budget</i> | 2025              | 2024               |
|---|-----------------------|-------------------|--------------------|
| <b>Revenue</b>  |                       |                   |                    |
| Net municipal property taxes <i>(Schedule 3)</i>              | 3,563,984             | 3,506,789         | 3,430,747          |
| Investment income   | 90,250                | 52,102            | 85,176             |
| User fees   | 2,420,796             | 2,529,890         | 2,478,660          |
| Franchise and concession contracts                            | 292,918               | 283,056           | 285,450            |
| Other revenue   | 194,083               | 331,957           | 279,652            |
| Government transfers for operating <i>(Schedule 4)</i>        | 873,089               | 1,017,317         | 916,746            |
|   | <b>7,435,120</b>      | <b>7,721,111</b>  | <b>7,476,431</b>   |
| <b>Program expenses</b>                                       |                       |                   |                    |
| General government  | 1,561,054             | 1,481,781         | 1,446,382          |
| Fire and bylaws enforcement                                   | 623,369               | 675,410           | 774,009            |
| Roads, streets , walks and lighting                           | 1,291,066             | 1,724,500         | 1,776,518          |
| Recreation and parks  | 2,257,339             | 2,505,417         | 2,485,669          |
| Water supply and distribution                                 | 1,746,712             | 1,695,744         | 2,026,254          |
| Family and community support services                         | 203,116               | 213,126           | 181,091            |
| Planning and development                                      | 45,830                | 24,593            | 20,737             |
| <b>Total expenses</b>   | <b>7,728,486</b>      | <b>8,320,571</b>  | <b>8,710,660</b>   |
| <b>Deficiency of revenue over expenses before other items</b> | <b>(293,366)</b>      | <b>(599,460)</b>  | <b>(1,234,229)</b> |
| <b>Other items</b>  |                       |                   |                    |
| Gain on disposal of tangible capital assets                   | -                     | 51,782            | 825,979            |
| Government transfers for capital <i>(Schedule 4)</i>          | 1,287,500             | 721,810           | 1,580,931          |
|   | <b>1,287,500</b>      | <b>773,592</b>    | <b>2,406,910</b>   |
| <b>Excess of revenue over expenses</b>                        | <b>994,134</b>        | <b>174,132</b>    | <b>1,172,681</b>   |
| <b>Accumulated surplus, beginning of year</b>                 | <b>34,585,363</b>     | <b>34,585,363</b> | <b>33,412,682</b>  |
| <b>Accumulated surplus, end of year <i>(Schedule 1)</i></b>   | <b>35,579,497</b>     | <b>34,759,495</b> | <b>34,585,363</b>  |

*The accompanying notes are an integral part of these consolidated financial statements*

**Town of Beaverlodge**  
**Consolidated Statement of Change in Net Debt**  
*For the year ended December 31, 2025*

|   | 2025<br>Budget     | 2025               | 2024               |
|---|--------------------|--------------------|--------------------|
| <b>Excess of revenue over expenses</b>                      | <b>994,134</b>     | <b>174,132</b>     | <b>1,172,681</b>   |
| Acquisition of tangible capital assets <i>(Schedule 2)</i>  | (2,770,200)        | (966,673)          | (2,027,100)        |
| Amortization of tangible capital assets <i>(Schedule 2)</i> | 9,000              | 1,299,481          | 1,570,362          |
| Gain on sale of tangible capital assets                     | -                  | (51,782)           | (825,979)          |
| Proceeds on disposal of tangible capital assets             | -                  | 55,113             | 16,200             |
| Assessment of asset retirement obligation                   | -                  | -                  | (1,136,440)        |
| Change in prepaid expenses                                  | -                  | -                  | 2                  |
| Gift in kind on capital transfers                           | -                  | -                  | 897,000            |
| <b>Changes in net debt</b>                                  | <b>(1,767,066)</b> | <b>510,271</b>     | <b>(333,274)</b>   |
| <b>Net debt, beginning of year</b>                          | <b>(5,080,612)</b> | <b>(5,413,886)</b> | <b>(5,080,612)</b> |
| <b>Net debt, end of year</b>                                | <b>(6,847,678)</b> | <b>(4,903,615)</b> | <b>(5,413,886)</b> |

*The accompanying notes are an integral part of these consolidated financial statements*

**Town of Beaverlodge**  
**Consolidated Statement of Cash Flows**  
*For the year ended December 31, 2025*

|   | <b>2025</b>      | <b>2024</b>        |
|---|------------------|--------------------|
| <b>Cash provided by (used for) the following activities:</b>    |                  |                    |
| <b>Operating</b>  |                  |                    |
| Excess of revenue over expenses                                 | 174,132          | 1,172,681          |
| Non-cash items:   |                  |                    |
| Amortization  | 1,299,481        | 1,570,362          |
| Gain on disposal of tangible capital assets                     | (51,782)         | (832,015)          |
| Loss on write-down of tangible capital assets                   | -                | 6,036              |
| Accretion expense   | 23,710           | -                  |
|   | <b>1,445,541</b> | <b>1,917,064</b>   |
| Net change in non-cash operating working capital balances:      |                  |                    |
| Decrease (increase) in deposit assets                           | 706              | 4,506              |
| Decrease (increase) in taxes and grants in lieu receivable      | 25,524           | 250,309            |
| Decrease (increase) in trade and other accounts receivable      | (70,091)         | 228,534            |
| Decrease (increase) in due from County of Grande Prairie No. 1  | 108,864          | (62,491)           |
| Decrease (increase) in prepaid expenses                         | -                | 3                  |
| Increase (decrease) in accounts payable and accrued liabilities | (56,533)         | (297,074)          |
| Increase (decrease) in landfill closure liability               | (119,206)        | 64,663             |
| Increase (decrease) in deferred revenue                         | 656,747          | 7,515              |
|   | <b>1,991,552</b> | <b>2,113,029</b>   |
| <b>Financing activities</b>                                     |                  |                    |
| Repayment of long-term debt                                     | (362,196)        | (348,844)          |
| <b>Capital activities</b>                                       |                  |                    |
| Acquisition of tangible capital assets                          | (966,673)        | (2,027,100)        |
| Proceeds from disposal of tangible capital assets               | 55,113           | 16,200             |
| <b>Cash applied to capital transactions</b>                     | <b>(911,560)</b> | <b>(2,010,900)</b> |
| <b>Increase (decrease) in cash resources</b>                    | <b>717,796</b>   | <b>(246,715)</b>   |
| <b>Cash and equivalents, beginning of year</b>                  | <b>1,168,633</b> | <b>1,415,348</b>   |
| <b>Cash and equivalents, end of year</b>                        | <b>1,886,429</b> | <b>1,168,633</b>   |
| <b>Cash resources are composed of:</b>                          |                  |                    |
| Cash on hand  | 2,374            | 1,278              |
| Cash  | 285,804          | 287,290            |
| Temporary investments   | 2,618,572        | 2,126,794          |
| Bank indebtedness   | (1,020,321)      | (1,246,729)        |
|   | <b>1,886,429</b> | <b>1,168,633</b>   |

*The accompanying notes are an integral part of these consolidated financial statements*

**Town of Beaverlodge**  
**Schedule 1 - Consolidated Schedule of Changes in Accumulated Surplus (Deficit)**  
*For the year ended December 31, 2025*

|   | <i>Unrestricted<br/>Surplus<br/>(Deficit)<br/>(Note 14)</i> | <i>Restricted<br/>Surplus<br/>(Note 12)</i> | <i>Equity in<br/>Tangible<br/>Capital Assets<br/>(Note 13)</i> | <b>2025</b>       | <b>2024</b>       |
|---|---|---|--|-------------------|-------------------|
| <b>Balance, beginning of year</b>                     | <b>(381,923)</b>  | <b>2,620,705</b>                            | <b>32,346,581</b>  | <b>34,585,363</b> | <b>33,412,685</b> |
| Excess of revenue over expenses                       | 174,132   | -   | -  | 174,132           | 1,172,678         |
| Transfer from (to) reserves                           | (312,389)   | 312,389                                     | -  | -                 | -                 |
| Expenses paid from reserves                           | 174,120   | (174,120)                                   | -  | -                 | -                 |
| Current year funds used for tangible capital assets   | (832,272)   | (134,401)                                   | 966,673  | -                 | -                 |
| Annual amortization expense                           | 1,299,481   | -   | (1,299,481)  | -                 | -                 |
| Net book value of disposal of tangible capital assets | 3,332   | -   | (3,332)  | -                 | -                 |
| Long-term debt repaid                                 | (362,197)   | -   | 362,197  | -                 | -                 |
| Accretion expense                                     | 23,710  | -   | (23,710)   | -                 | -                 |
| Change in asset retirement obligations                | (119,205)   | -   | 119,205  | -                 | -                 |
| <b>Change in accumulated surplus</b>                  | <b>48,712</b>   | <b>3,868</b>                                | <b>121,552</b>   | <b>174,132</b>    | <b>1,172,678</b>  |
| <b>Balance, end of year</b>                           | <b>(333,211)</b>  | <b>2,624,573</b>                            | <b>32,468,133</b>  | <b>34,759,495</b> | <b>34,585,363</b> |

**Town of Beaverlodge**  
**Schedule 2 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended December 31, 2025*

|  | <i>Land</i>      | <i>Land Improvements</i> | <i>Buildings</i> | <i>Engineered Structures</i> | <i>Machinery &amp; Equipment</i> | <i>Vehicles</i>  | <i>Construction in progress</i> | <i>2025</i>       | <i>2024</i>       |
|--|------------------|--------------------------|------------------|------------------------------|----------------------------------|------------------|---------------------------------|-------------------|-------------------|
| <b>Cost</b>                                      |                  |                          |                  |                              |                                  |                  |                                 |                   |                   |
| Balance, beginning of year                       | 1,846,506        | 613,268                  | 8,723,763        | 45,658,683                   | 2,567,709                        | 1,367,335        | 763,718                         | 61,540,982        | 58,484,000        |
| Acquisition of tangible capital assets           | -                | 68,848                   | 281,352          | 246,602                      | 66,166                           | 61,895           | 241,810                         | 966,673           | 2,027,100         |
| Construction-in-progress                         | -                | 4,408                    | -                | -                            | -                                | -                | (4,408)                         | -                 | -                 |
| Disposal of tangible capital assets              | -                | (17,992)                 | -                | (4,874)                      | -                                | (132,699)        | -                               | (155,565)         | (100,517)         |
| Write down of tangible capital assets            | -                | -                        | -                | -                            | -                                | -                | -                               | -                 | (6,036)           |
| Asset retirement obligation                      | -                | -                        | -                | -                            | -                                | -                | -                               | -                 | 1,136,435         |
| <b>Balance, end of year</b>                      | <b>1,846,506</b> | <b>668,532</b>           | <b>9,005,115</b> | <b>45,900,411</b>            | <b>2,633,875</b>                 | <b>1,296,531</b> | <b>1,001,120</b>                | <b>62,352,090</b> | <b>61,540,982</b> |
| <b>Accumulated amortization</b>                  |                  |                          |                  |                              |                                  |                  |                                 |                   |                   |
| Balance, beginning of year                       | -                | 463,230                  | 2,400,601        | 15,842,882                   | 1,936,097                        | 901,696          | -                               | 21,544,506        | 19,993,476        |
| Annual amortization                              | -                | 4,128                    | 157,235          | 962,645                      | 117,287                          | 58,186           | -                               | 1,299,481         | 1,570,362         |
| Accumulated amortization on disposals            | -                | (14,661)                 | -                | (4,874)                      | -                                | (132,699)        | -                               | (152,234)         | (19,332)          |
| <b>Balance, end of year</b>                      | <b>-</b>         | <b>452,697</b>           | <b>2,557,836</b> | <b>16,800,653</b>            | <b>2,053,384</b>                 | <b>827,183</b>   | <b>-</b>                        | <b>22,691,753</b> | <b>21,544,506</b> |
| <b>Net book value of tangible capital assets</b> | <b>1,846,506</b> | <b>215,835</b>           | <b>6,447,279</b> | <b>29,099,758</b>            | <b>580,491</b>                   | <b>469,348</b>   | <b>1,001,120</b>                | <b>39,660,337</b> | <b>39,996,476</b> |
| <br>   |                  |                          |                  |                              |                                  |                  |                                 |                   |                   |
| Net book value of tangible capital assets (2024) | 1,846,506        | 151,186                  | 6,303,913        | 29,713,411                   | 650,861                          | 465,639          | 864,960                         | 39,996,476        |                   |

**Town of Beaverlodge**  
**Schedule 3 - Consolidated Schedule of Net Municipal Taxes**  
*For the year ended December 31, 2025*

|                                     | <i>2025 Budget</i> | <i>2025</i>      | <i>2024</i>      |
|-------------------------------------|--------------------|------------------|------------------|
| <b>Taxation</b>                     |                    |                  |                  |
| Real property taxes                 | 4,514,463          | 4,324,867        | 4,175,410        |
| Linear property taxes               | -                  | 118,862          | 113,191          |
| Government grants in lieu of taxes  | -                  | 13,539           | 11,730           |
|                                     | <b>4,514,463</b>   | <b>4,457,268</b> | <b>4,300,331</b> |
| <b>Requisitions</b>                 |                    |                  |                  |
| Alberta School Foundation Fund      | 920,760            | 920,760          | 840,960          |
| Seniors Foundation                  | 29,719             | 29,719           | 28,624           |
|                                     | <b>950,479</b>     | <b>950,479</b>   | <b>869,584</b>   |
| <b>Net municipal property taxes</b> | <b>3,563,984</b>   | <b>3,506,789</b> | <b>3,430,747</b> |

**Town of Beaverlodge**  
**Schedule 4 - Consolidated Schedule of Government Transfers**  
*For the year ended December 31, 2025*

|                                   | <i>2025<br/>Budget</i> | <i>2025</i>      | <i>2024</i>      |
|-----------------------------------|------------------------|------------------|------------------|
| <b>Operating</b>                  |                        |                  |                  |
| Other local governments           | 748,576                | 871,800          | 769,329          |
| Provincial government             | 121,513                | 144,317          | 144,317          |
| Federal government                | 3,000                  | 1,200            | 3,100            |
|                                   | <b>873,089</b>         | <b>1,017,317</b> | <b>916,746</b>   |
| <b>Capital</b>                    |                        |                  |                  |
| Other local governments           | -                      | -                | -                |
| Provincial government             | 1,287,500              | 721,810          | 1,580,931        |
|                                   | <b>1,287,500</b>       | <b>721,810</b>   | <b>1,580,931</b> |
| <b>Total government transfers</b> | <b>2,160,589</b>       | <b>1,739,127</b> | <b>2,497,677</b> |

**Town of Beaverlodge**  
**Schedule 5 - Consolidated Schedule of Expenses by Object**  
*For the year ended December 31, 2025*

|                              | <i>2025<br/>Budget</i> | <i>2025</i>      | <i>2024</i>      |
|------------------------------|------------------------|------------------|------------------|
| Accretion                    | 3,000                  | 23,710           | -                |
| Salaries and benefits        | 3,140,409              | 3,425,998        | 3,240,806        |
| Amortization (Schedule 2)    | 9,000                  | 1,299,481        | 1,570,362        |
| Contract & general services  | 2,308,009              | 2,071,001        | 2,077,178        |
| Materials and supplies       | 1,360,534              | 1,159,314        | 1,386,567        |
| Interest on long-term debt   | 589,422                | 227,226          | 238,010          |
| Transfers to other boards    | 34,215                 | 33,152           | 33,333           |
| Transfer to reserve accounts | 175,000                | -                | -                |
| Bad debt expense (recovery)  | -                      | (2,924)          | 3,798            |
| Other expense                | 108,897                | 83,613           | 160,607          |
|                              | <b>7,728,486</b>       | <b>8,320,571</b> | <b>8,710,661</b> |

**Town of Beaverlodge**  
**Schedule 6 - Consolidated Schedule of Segmented Disclosure**

*For the year ended December 31, 2025*

|  | General<br>government | Fire and<br>bylaws<br>enforcement | Roads, streets<br>, walks and<br>lighting | Planning and<br>development | Recreation<br>and parks | Water supply<br>and<br>distribution | Family and<br>community<br>support<br>services | 2025             |
|--|-----------------------|-----------------------------------|---|-----------------------------|-------------------------|-------------------------------------|--|------------------|
| <b>Revenue</b>   |                       |                                   |   |                             |                         |                                     |  |                  |
| Net municipal property taxes   | 3,506,789             | -                                 | -   | -                           | -                       | -                                   | -  | 3,506,789        |
| Investment income  | 52,102                | -                                 | -   | -                           | -                       | -                                   | -  | 52,102           |
| User fees  | -                     | -                                 | -   | -                           | 570,091                 | 1,946,135                           | 13,665   | 2,529,891        |
| Franchise and concession contracts                                     | 283,056               | -                                 | -   | -                           | -                       | -                                   | -  | 283,056          |
| Other revenue  | 193,964               | 58,535                            | 7,594                                     | 10,300                      | 46,536                  | -                                   | 15,028   | 331,957          |
| Government transfers for operating                                     | 288,084               | -                                 | -   | -                           | 632,727                 | -                                   | 96,506   | 1,017,317        |
|  | <b>4,323,995</b>      | <b>58,535</b>                     | <b>7,594</b>                              | <b>10,300</b>               | <b>1,249,354</b>        | <b>1,946,135</b>                    | <b>125,199</b>                                 | <b>7,721,112</b> |
| <b>Expenses</b>  |                       |                                   |   |                             |                         |                                     |  |                  |
| Accretion  | 4,437                 | 3,542                             | 2,092                                     | -                           | 10,331                  | 3,308                               | -  | 23,710           |
| Contract & general services  | 367,377               | 343,102                           | 304,839                                   | 22,451                      | 494,661                 | 489,178                             | 49,393   | 2,071,001        |
| Interest on long-term debt   | -                     | 16,135                            | -   | -                           | 111,374                 | 99,717                              | -  | 227,226          |
| Bad debt recovery  | (2,924)               | -                                 | -   | -                           | -                       | -                                   | -  | (2,924)          |
| Materials and supplies   | 66,198                | 85,338                            | 296,095                                   | 2,142                       | 348,681                 | 354,196                             | 6,664  | 1,159,314        |
| Salaries and benefits  | 997,197               | 134,583                           | 673,667                                   | -                           | 1,201,819               | 274,036                             | 144,696  | 3,425,998        |
| Transfers to other boards  | -                     | -                                 | 16,941                                    | -                           | 16,211                  | -                                   | -  | 33,152           |
| Other expense  | 40,832                | -                                 | -   | -                           | 47,712                  | (4,931)                             | -  | 83,613           |
|  | <b>1,473,117</b>      | <b>582,700</b>                    | <b>1,293,634</b>                          | <b>24,593</b>               | <b>2,230,789</b>        | <b>1,215,504</b>                    | <b>200,753</b>                                 | <b>7,021,090</b> |
| <b>Excess (deficiency) of revenue over expenses before other items</b> |                       |                                   |   |                             |                         |                                     |  |                  |
|  | 2,850,878             | (524,165)                         | (1,286,040)                               | (14,293)                    | (981,435)               | 730,631                             | (75,554)                                       | 700,022          |
| Amortization of tangible capital assets                                | (8,664)               | (92,710)                          | (430,866)                                 | -                           | (274,628)               | (480,240)                           | (12,373)                                       | (1,299,481)      |
| Government transfers for capital                                       | 512,999               | -                                 | 19,655                                    | -                           | -                       | 189,156                             | -  | 721,810          |
| Gain on disposal of capital assets                                     | -                     | -                                 | -   | -                           | -                       | 51,782                              | -  | 51,782           |
|  | <b>3,355,213</b>      | <b>(616,875)</b>                  | <b>(1,697,251)</b>                        | <b>(14,293)</b>             | <b>(1,256,063)</b>      | <b>491,329</b>                      | <b>(87,927)</b>                                | <b>174,132</b>   |

**1. Significant accounting policies**

The consolidated financial statements of the Town of Beaverlodge (the "Town") are the representations of management, prepared in accordance with Canadian public sector accounting standards as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the Town are as follows:

***Reporting entity consolidated***

The consolidated financial statements reflect the financial activities of the reporting entity. This entity is comprised of the municipal operations plus all organizations that are owned or controlled by the Town and are, therefore, accountable to Council for the administration of their financial affairs and resources. The consolidated financial statements exclude trust assets that are administered for the benefit of external parties.

The Town has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- West Grande Prairie County Solid Waste Management Authority 15% (2024 - 15%)
- Beaverlodge Public Library 100% (2024 - 100%)
- Mountview Health Foundation 100% (2024 - nil)

All inter-entity balances have been eliminated on consolidation. Transactions between departments have also been eliminated.

***Government Partnership***

The Town of Beaverlodge has entered into an agreement with the Towns of Wembley and Sexsmith, and the County of Grande Prairie No.1 to construct, operate, and maintain a regional collection, transfer, and disposal garbage facility for the benefit of all participating municipalities under the name West Grande Prairie County Solid Waste Management Authority. The Government partnership is accounted for using proportionate consolidation. Under proportionate consolidation, only the Town of Sexsmith's interest of 15% (2024 - 15%) in the government partnership is included in the consolidated financial statements.

***Basis of accounting***

These consolidated financial statements have been 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.

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.

***Measurement uncertainty (use of estimates)***

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Property tax revenues are based on property tax assessment values provided by the County of Grande Prairie No.1.

Expenditures that relate to on-going environmental and remediation programs are charged against as incurred. A liability for a contaminated site reflects management's best estimate of the amount required to remediate the contaminated site. The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future site remediation.

1. **Significant accounting policies** *(Continued from previous page)*

**Measurement uncertainty (use of estimates)** *(Continued from previous page)*

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized. A liability for an asset retirement obligation reflects management's best estimate of the amount required to retire the related tangible capital asset (or component thereof). The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future asset retirement.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

**Asset retirement obligation**

A liability for an asset retirement obligation reflects management's best estimate of the amount required to retire the related tangible capital asset (or component thereof). The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future asset retirement.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the year in which they become known.

**Cash and equivalents**

Cash and equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is disclosed as restricted in Note 2.

**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.

**Portfolio investments**

Portfolio investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

**Tax sale proceeds**

Tax sale proceeds and the associated liabilities consist of the excess funds collected on the sale of seized properties put up for tax auction after outstanding property taxes were recovered by the Town. Under the *Municipal Government Act*, the Town is required to hold these funds for up to 10 years and attempt to disperse them to the former property owner.

**Property tax requisition over-levy and under-levy**

Over-levies and under-levies arise from the difference between the actual 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.

1. **Significant accounting policies** *(Continued from previous page)*

**Revenue recognition**

**Government transfers**

The Town recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Town recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

**Externally restricted revenue**

The Town recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the Town records externally restricted inflows in deferred revenue.

**Tax revenue**

The Town recognizes taxes as assets and revenue when they meet the definition of an asset; are authorized by a legislature, council, or legislative convention; and the taxable event has occurred.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each consolidated financial statement date, the Town evaluates the tax receivable for collectability and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

**Fines and penalties**

Traffic fine revenue is recorded as cash is received, which is not materially different than recording revenue on an accrual basis.

**Other revenue**

Other sources of revenue are recorded when received or receivable.

**Asset classification**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, inventory held for resale, and prepaid expenses.

**Tangible capital assets**

Tangible capital assets are initially recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Only tangible capital assets with costs in excess of \$5,000 are capitalized. Contributed tangible assets are recorded at their fair value at the date of contribution.

When conditions indicate that a tangible capital asset no longer contributes to the Town's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the Town reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.

1. **Significant accounting policies** *(Continued from previous page)*

**Tangible capital assets** *(Continued from previous page)*  
**Amortization**

Tangible capital assets are amortized annually using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives. One half of the amortization is charged in the year of acquisition and none in the year of disposal. No amortization is charged in the year of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use:

|                             | <b>Years</b> |
|-----------------------------|--------------|
| Land improvements           | 15-20        |
| Buildings                   | 25-50        |
| Wastewater system           | 45-75        |
| Other engineered structures | 15-30        |
| Machinery and equipment     | 5-15         |
| Vehicles                    | 10-25        |

**Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of 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.

Repayments of long-term financing are recognized as a decrease in long-term debt.

**Asset retirement obligations**

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Town to incur retirement costs in relation to a tangible capital asset (or component thereof), 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 December 31, 2025. 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 (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

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.

**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, and stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks, and street lighting are recorded as physical assets under the respective function.

**Prepaid expenses**

Prepaid expenses include pre-payments on goods and services which will be utilized in the following fiscal year.

1. **Significant accounting policies** *(Continued from previous page)*

**Segments**

The Town provides a range of services to its ratepayers. For each reported segment, revenue and expenses represent only amounts that are directly attributable to the segment, no other amounts are allocated between segments. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

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

Included in the General government segment is Administration, Legislative and Mountview Health Centre expenditures. Included in the Fire and bylaw enforcement segment is Fire Fighting and By-laws. Included in the Roads, streets, walks and lightning segment is Streets, Airport, Snow Removal, Public Works and Disaster and Emergency Measures. Included in Planning and development segment is Planning & Development. Included in Recreation and park segment is Recreation & Culture. Included in the Water supply and distribution segment is Water and Waste Management. Included in the Family and community support services segment is Family and Community Services.

**Employee future benefits**

Selected employees of the Town are members of the Local Authority Pension Plan (LAPP), a multi-employer defined benefit pension plan. The trustee of this plan is the Alberta Treasurer and the plan is administered by a Board of Trustees. Since the plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the Town does not recognize its share of any plan surplus or deficit.

**Financial instruments**

The Town recognizes its financial instruments when the Town becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Town may irrevocably elect to subsequently measure any financial instrument at fair value. The Town has not made such an election during the year.

The Town subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses, with the exception of gains and losses on externally restricted financial assets measured at fair value, which are recognized as an increase or decrease to the associated liability until the resources are used in accordance with their specified purpose. Interest income is recognized in the statement of operations; however, interest income on externally restricted financial assets is recognized as an increase or decrease to the associated liability until the resources are used in accordance with their specified purpose. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating excess of revenue over expenses.

Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, and recent collection experience in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

**Town of Beaverlodge**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

**2. Cash**

|                       | 2025      | 2024      |
|-----------------------|-----------|-----------|
| Cash on hand          | 2,374     | 1,278     |
| Cash                  | 285,804   | 287,290   |
| Temporary investments | 2,618,572 | 2,126,794 |
|                       | 2,906,750 | 2,415,362 |

Select temporary investments accrue interest monthly from 2.95% - 5.45% (2024 - 4.00% - 5.40%), with the remainder at prime less 1.60% - prime less 1.50% (2024 - prime less 1.60% - prime less 1.55%) and are drawable with 31-90 days notice.

Council has restricted cash of \$2,624,573 (2024 - \$2,620,705) internally designated for reserves and \$883,533 (2024 - \$193,515) externally designated for deferred revenue which is supported by cash and bank indebtedness.

Term deposits are held in trust by the County of Grande Prairie No. 1 on behalf of the West Grande Prairie County Solid Waste Management Authority. Included in portfolio investments are term deposits totaling \$424,519 (2024 - \$428,289).

**3. Accounts receivable**

|  | 2025    | 2024    |
|--|---------|---------|
| Receivable from government agencies and county | 160,615 | 228,532 |
| Trade and other accounts receivable            | 374,247 | 242,379 |
| Goods and service tax receivable               | 3,215   | -       |
| Landfill receivable                            | 222,154 | 331,018 |
|  | 760,231 | 801,929 |
| Less: Allowance for doubtful accounts          | -       | 2,924   |
|  | 760,231 | 799,005 |

**4. Property tax receivable**

|                                      | 2025    | 2024    |
|--------------------------------------|---------|---------|
| Municipal taxes receivable - current | 189,058 | 173,261 |
| Municipal taxes receivable - arrears | 49,682  | 91,002  |
|                                      | 238,740 | 264,263 |

**Town of Beaverlodge**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

**5. Investments**

|   | 2025    | 2024    |
|---|---------|---------|
| Alberta Capital Finance Authority shares                              | 10      | 10      |
| Mountview Health Limited Partnership                                  | 897,050 | 897,050 |
| Alberta Association of Municipal Districts & Counties Member's Equity | 235     | 235     |
| United Farmers of Alberta patronage account                           | 6,101   | 6,101   |
|   | 903,396 | 903,396 |

In the previous year, land with a fair market value of \$897,000 was transferred to the Mountview Health Limited Partnership in exchange for 1,000 Class A units.

**6. Bank indebtedness**

The Town is approved for a revolving loan up to \$1,900,000 (2024 - \$1,900,000), bearing interest at prime rate plus 1% (2024 - prime rate plus 1%) per annum. It is available by multiple draws and is to be used to supplement cash flow. The balance is due on demand. Total withdrawal as at December 31, 2025 is \$1,020,321 (2024 - \$1,246,729).

The Town has an Alberta BusinessCard Mastercard held with ATB with a credit limit of \$100,000 (2024 - \$100,000) available. Total withdrawal as at December 31, 2025 is \$1,391 (2024 - \$49,688). This balance is included in accounts payable and accruals (Note 7). The Mastercard carries an interest rate of 19.90% (2024 - 19.90%).

Covenants related to this loan are as follows:

- a) The Town cannot create or permit to exist any mortgage, charge, lien, encumbrance or other security interest on any of its present or future assets, other than permitted encumbrances;
- b) The Town cannot sell, lease or otherwise dispose of any assets except (i) inventory sold, leased or disposed of in the ordinary course of business, (ii) obsolete equipment which is being replaced with equipment of equivalent value, and (iii) assets sold, leased, or disposed of during a fiscal year having an aggregate fair market value not exceeding \$25,000, for such fiscal year.
- c) The Town cannot provide financial assistance (by means of a loan, guarantee or otherwise) to any person or other lender; and
- d) The Town cannot pay to or for the benefit of shareholders or persons associated with shareholders (within the meaning of the Alberta Business Corporations Act) by way of salaries, bonuses, dividends, management fees, repayment of loans or otherwise, any amount which would cause the breach of a provision hereof;
- e) The Town cannot amalgamate, consolidate or merge with any person other than a Loan Party or enter into any partnership with any other person unless the partnership becomes a Loan Party hereunder and provides security in favour of ATB;
- f) The Town cannot consent or facilitate a change in ownership of shares without the prior written consent of ATB;
- g) The Town cannot acquire any assets on or move any assets to a jurisdiction where ATB has not registered the Security Documents;
- h) The Town cannot operate accounts with or otherwise conduct any banking business with any financial institution other than ATB.
- i) The Town cannot enter into any commodity, currency or interest rate hedging arrangement which is not used for risk management in relation to its business but is entered into for speculative purposes.

**Town of Beaverlodge**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

**7. Accounts payable and accruals**

|                               | 2025    | 2024    |
|-------------------------------|---------|---------|
| Accounts payable              | 285,785 | 411,934 |
| Vacation and overtime payable | 99,579  | 74,838  |
| Salaries and wages payable    | 150,295 | 105,422 |
|                               | 535,659 | 592,194 |

The vacation and overtime liability is comprised of amounts that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

Included in salaries and wages payable is source deductions payable of \$811 (2024 - \$8,877).

**8. Deferred revenue**

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

|  | Balance,<br>beginning of<br>year | Contributions<br>received | Revenue<br>recognized | Balance, end<br>of year |
|--|----------------------------------|---------------------------|-----------------------|-------------------------|
| Local Government Fiscal Framework - Capital                                      | -                                | 442,929                   | 280,000               | 162,929                 |
| Canada Community Building Fund   | -                                | 283,944                   | 232,999               | 50,945                  |
| Municipal Sustainability Initiative  | 25,230                           | -                         | 19,666                | 5,564                   |
| Alberta Municipal Water/Wastewater Partnership - Raw<br>Water Pumphouse Upgrades | 30,000                           | 500,000                   | -                     | 530,000                 |
| Nuvista Naming Rights  | 30,000                           | -                         | 30,000                | -                       |
| United Way   | -                                | 19,000                    | -                     | 19,000                  |
| Health Complex Dedicated Reserve   | 108,285                          | 6,810                     | -                     | 115,095                 |
|  | 193,515                          | 1,252,683                 | 562,665               | 883,533                 |

Not included in deferred revenue above is \$493,622 (2024 - \$25,230) of Local Government Fiscal Framework government grants and \$187,933 (2024 - \$283,944) of Canada Community Building Fund government grants that have not yet been spent nor received. They will be recorded as revenue when spent.

**Town of Beaverlodge**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

**9. Long-term debt**

|                           | 2025             | 2024      |
|---------------------------|------------------|-----------|
| Self-supported debentures | <b>5,795,014</b> | 6,157,210 |

Principal repayments on long-term debt in each of the next five years are estimated as follows:

|            | Principal | Interest  | Total     |
|------------|-----------|-----------|-----------|
| 2026       | 377,988   | 214,745   | 592,733   |
| 2027       | 364,341   | 200,386   | 564,727   |
| 2028       | 377,756   | 183,505   | 561,261   |
| 2029       | 391,683   | 169,577   | 561,260   |
| 2030       | 406,145   | 155,116   | 561,261   |
| Thereafter | 1,917,913 | 923,329   | 2,841,242 |
| Total      | 5,795,014 | 1,772,979 | 7,567,993 |

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 3.10% to 6.00% (2024 - 3.10% to 6.00%) per annum, before Provincial subsidy, and matures in periods 2026 through 2042.

Debenture debt is issued on the credit and security of the Town of Beaverlodge at large. Interest on debt amount to \$227,225 (2024 - \$238,010). Total cash payments for interest during the year are \$227,225 (2024 - \$240,578).

**10. Debt limits**

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

|                                       | 2025              | 2024       |
|---------------------------------------|-------------------|------------|
| Total debt limit                      | <b>11,581,665</b> | 11,214,645 |
| Total debt                            | <b>5,795,014</b>  | 6,157,210  |
| Amount of debt limit unused           | <b>5,786,651</b>  | 5,057,435  |
| Service on debt limit                 | <b>1,930,278</b>  | 1,869,108  |
| Service on debt                       | <b>592,733</b>    | 589,422    |
| Amount of debt servicing limit unused | <b>1,337,545</b>  | 1,279,686  |

The debt limit is calculated as 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated as 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 which could be at financial risk if further debt is acquired. The calculation alone does not represent the financial stability of the Town. Rather, the consolidated financial statements must be interpreted as a whole.

**Town of Beaverlodge**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

**11. Asset retirement obligations**

West Grande Prairie County Solid Waste Management Authority

The Town's portion of the West Grande Prairie County Solid Waste Management Authority results in a legal obligation for the closure and post-closure costs as required by Alberta Environment.

The following summarized the Town's portion of the West Grande Prairie County Solid Waste Management Authority's total net present value for the estimated costs relating to the closure and post-closure care which include the final clay cover, landscaping, surface and ground water monitoring, leachate control, and visual inspection.

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years (2024 - 25 years) after closure to the year 2144 using a discount rate of 4.30% (2024 - 5.08%) and assuming annual inflation of 1.96% (2024 - 3.10%). The liability of \$239,162 (2024 - \$356,250) for the total obligation which is incurred when the site started accepting waste, irrespective of the volume of waste that has been accrued has been recorded.

|                                   | 2025             | 2024    |
|-----------------------------------|------------------|---------|
| <b>Balance, beginning of year</b> | <b>356,250</b>   | 291,587 |
| Accretion                         | <b>2,118</b>     | -       |
| Change in estimated cash flows    | <b>(4,999)</b>   | 64,663  |
| Liabilities settled               | <b>(114,206)</b> | -       |
| <b>Balance, end of year</b>       | <b>239,163</b>   | 356,250 |

Town of Beaverlodge hazardous materials abatement

The Town operates several buildings that were built prior to 1996. As a result, there is a likelihood that these buildings will contain hazardous materials and require abatement upon demolition or during renovations to extend their useful lives. The Town recognized a liability for the asset retirement obligation and a corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of the buildings owned by the Town. The Town has hired engineers to estimate the cost of remediation. The asset retirement obligation is currently assessed at \$1,158,027 (2024 - \$1,136,435).

The Town estimated the amount of the liability using undiscounted future expenditures estimated to retire the tangible capital asset. The significant assumptions used to determine the best estimate of the liability include:

The portions of the buildings for which the liability has been setup were old construction that potentially all contain hazardous materials abatement requirements and as such estimated abatement costs apply to the entire footprint of the building that has not been significantly altered since construction.

|                                   | 2025             | 2024      |
|-----------------------------------|------------------|-----------|
| <b>Balance, beginning of year</b> | <b>1,136,435</b> | 1,136,435 |
| Accretion                         | <b>21,592</b>    | -         |
| <b>Balance, end of year</b>       | <b>1,158,027</b> | 1,136,435 |

Total liability for each noted asset retirement obligation is:

|   | 2025             | 2024      |
|---|------------------|-----------|
| West Grande Prairie County Solid Waste Management Authority | 239,163          | 356,250   |
| hazardous materials abatement                               | <b>1,158,027</b> | 1,136,435 |
|   | <b>1,397,190</b> | 1,492,685 |

**Town of Beaverlodge**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

**12. Restricted Surplus**

|                      | 2025      | 2024      |
|----------------------|-----------|-----------|
| Capital              | 1,325,553 | 1,118,634 |
| Landfill             | 739,060   | 783,411   |
| Fire department      | 155,336   | 89,752    |
| Recreation and parks | -         | 103,185   |
| Tax stabilization    | 135,036   | 135,036   |
| Water/sewer reserve  | 20,000    | 25,000    |
| Waste management     | 20,000    | 20,000    |
| Equipment reserve    | 213,901   | 330,000   |
| Insurance deductible | 15,687    | 15,687    |
|                      | 2,624,573 | 2,620,705 |

**13. Equity in tangible capital assets**

|  | 2025         | 2024         |
|--|--------------|--------------|
| Tangible capital assets (Schedule 2)   | 62,352,090   | 61,540,982   |
| Accumulated amortization (Schedule 2)  | (22,691,753) | (21,544,506) |
| Long-term debt (Note 9)                | (5,795,014)  | (6,157,210)  |
| Asset retirement obligations (Note 11) | (1,397,190)  | (1,492,685)  |
|  | 32,468,133   | 32,346,581   |

**14. Accumulated operating surplus**

Accumulated operating surplus consists of the following:

|                                   | 2025       | 2024       |
|-----------------------------------|------------|------------|
| Unrestricted deficit              | (333,211)  | (381,923)  |
| Reserves                          | 2,624,573  | 2,620,705  |
| Equity in tangible capital assets | 32,468,133 | 32,346,581 |
|                                   | 34,759,495 | 34,585,363 |

**Town of Beaverlodge**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

**15. Salaries and benefits disclosure**

Disclosure of salaries and benefits for elected municipal officials, the Chief Administrative Officer ("CAO") and designated officers as required by Alberta Regulation 313/2000 is as follows:

|                        | <i>Salary/<br/>remuneration</i> | <i>Benefits &amp;<br/>allowances</i> | <i>2025</i>    | <i>2024</i> |
|------------------------|---------------------------------|--------------------------------------|----------------|-------------|
| Gary Rycroft           | 22,149                          | -                                    | 22,149         | 22,046      |
| Cynthia Corbett        | 17,261                          | -                                    | 17,261         | 18,988      |
| Hugh Graw              | 11,482                          | -                                    | 11,482         | 11,448      |
| Ryier Hommy            | 2,440                           | -                                    | 2,440          | 8,258       |
| Judy Kokotilo-Bekkerus | 16,874                          | -                                    | 16,874         | 18,824      |
| Calvin Mosher          | 11,346                          | -                                    | 11,346         | 13,138      |
| Cody Moulds            | 8,091                           | -                                    | 8,091          | 11,933      |
| Trevor Bartsch         | 2,215                           | -                                    | 2,215          | -           |
| Richard Lappenbush     | 2,735                           | -                                    | 2,735          | -           |
| Tyke Longmore          | 2,475                           | -                                    | 2,475          | -           |
| Jennifer Wolan         | 2,345                           | -                                    | 2,345          | -           |
| CAO                    | <b>277,392</b>                  | <b>43,799</b>                        | <b>321,191</b> | 316,350     |
| Designated Officers    | <b>168,763</b>                  | <b>36,737</b>                        | <b>205,500</b> | 179,987     |

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

Benefits and allowances includes 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-term disability plans, professional memberships and tuition.

The Chief Administrative Officer (CAO) position represents one full-time equivalent in 2025 (2024 - one FTE), which was filled by one individual in 2025 (2024 - one).

Designated Officers includes the Deputy CAO, consisting of one full-time equivalent position in 2025 (2024 - one FTE), which was filled by one individual in 2025 (2024 - one).

**Town of Beaverlodge**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

**16. Investments in partnerships and government business entities**

The consolidated financial statements include the accounts of the Town and its proportionate share of its government partnerships. The Town entered into a government partnership to provide landfill disposal services to the Town and surrounding area. The Town holds a 15% interest in the West Grande Prairie County Solid Waste Management Authority, which is accounted for using the proportionate consolidation method.

The following is a summary of condensed supplementary information related to the Town's proportionate share in West Grande Prairie County Solid Waste Management Authority for the year ended December 31, 2025:

|   | 2025             | 2024             |
|---|------------------|------------------|
| <b>Assets</b>                                       |                  |                  |
| Financial assets                                    | 747,028          | 791,330          |
| Non-financial asset                                 | 296,428          | 240,459          |
| <b>Total assets</b>                                 | <b>1,043,456</b> | <b>1,031,789</b> |
| <b>Liabilities</b>                                  |                  |                  |
| Financial liabilities                               | 242,031          | 359,070          |
| <b>Total liabilities</b>                            | <b>242,031</b>   | <b>359,070</b>   |
| <b>Accumulated surplus</b>                          | <b>801,425</b>   | <b>672,719</b>   |
| <b>Total revenue</b>                                | <b>162,819</b>   | <b>171,631</b>   |
| <b>Total expenses</b>                               | <b>34,113</b>    | <b>444,849</b>   |
| <b>Excess (deficiency) of revenue over expenses</b> | <b>128,706</b>   | <b>(273,218)</b> |

**17. 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 *Alberta Public Sector Pension Plans Act*. The LAPP serves about 316,938 members and 453 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 expenses in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the Year's Maximum Pensionable Earnings under the Canada Pension Plan and 11.65% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% of pensionable earnings up to the Year's Maximum Pensionable Earnings and 11.80% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2025 were \$175,850 (2024 - \$172,762) and total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2025 were \$156,759 (2024 - \$149,588).

At December 31, 2024, the date of the most recent actuarial valuation, the LAPP disclosed an actuarial surplus (in billions) of \$19.6 (2023 - surplus of \$15.1). The 2025 LAPP annual report was not available at the date of these financial statements.

**18. 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.

**Town of Beaverlodge**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

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**19. Commitments**

The Town is committed to make annual payments for multiple operating leases for which they have entered for various equipment over the next 2 years. In addition, the Town has entered into an agreement with AMSC to provide power to the Town until December 31, 2033. The estimated minimum annual payments for the next five years as follows:

|      |        |
|------|--------|
| 2026 | 21,241 |
| 2027 | 18,317 |
| 2028 | 8,578  |
| 2029 | 8,554  |
| 2030 | 8,554  |
|      | 65,244 |
|      | 65,244 |

**20. Financial Instruments**

The Town's financial instruments consist of cash and portfolio investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, 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 accounts 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 fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

The Town is subject to interest rate risk with respect to bank indebtedness which bear interest on the basis of the prime lending rate. Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Town is exposed to interest rate risk with respect to cash and temporary investments which are subject to floating interest rates as detailed in Note 2. The Town's cash on hand and reserve balance minimize this interest rate risk. The prime lending rate at December 31, 2025 was 4.45% (2024 - 5.45%).

**21. Approval of financial statements**

Council and Management have approved these financial statements.

**22. Budget reconciliation**

The disclosed budget information has been approved by the Mayor and Council of the Town of Beaverlodge on April 14, 2025. The original approved 2025 budget is presented in the financial statements in accordance with Public Sector Accounting Standards.

The annual operating budget is prepared based upon the Town's annual fiscal plan, therefore, a reconciliation of the budgeted surplus as disclosed in these consolidated financial statements to the budget as approved by Council is required under Public Sector Accounting Board Standards.

|   |             |
|---|-------------|
|   | <b>2025</b> |
| Budget surplus per consolidated financial statements                            | 994,137     |
| Budgeted Capital Funding  | (1,287,500) |
| Subsidiary Budget - West Grande Prairie County Solid Waste Management Authority | 293,363     |
|   | -           |

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**Town of Beaverlodge**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2025*

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**23. Mountview Health Complex**

Included in General Government is budgeted spending of \$30,680, with actual spending of \$34,397 in 2025 related to the Mountview Health Limited Partnership.

**24. Acquired business enterprise**

On July 8, 2025, the Town founded the Mountview Health Foundation. The results of Mountview Health Foundation's operations have been included in these consolidated financial statements since that date. Mountview Health Foundation is to hold partnership units in the Mountview Health Limited Partnership on behalf of the Town.

The Town donated partnership units in the Mountview Health Limited Partnership to the Mountview Health Foundation.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed on the date the foundation was created.

|                           | As at<br>July 8, 2025 |
|---------------------------|-----------------------|
| Current assets            | \$ 897,050            |
| Total assets acquired     | \$ 897,050            |
| Total liabilities assumed | \$ -                  |
| Net assets acquired       | \$ 897,050            |