

VILLAGE OF DELBURNE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

VILLAGE OF DELBURNE

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2025

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MANAGEMENTS' RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Delburne is responsible for the preparation, accuracy, objectivity and integrity of the accompanying financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the Village's financial position as at December 31, 2025 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The financial statements include certain amounts based on estimates and judgements. Such amounts have been determined on a reasonable basis to ensure the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized, and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The Village Council carries out its responsibilities for review of the financial statements principally through council meetings. Council meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to Council with and without the presence of management. The Village Council has approved the financial statements.

The financial statements have been audited by Gitzel & Company, Chartered Professional Accountants, independent external auditors appointed by the Village. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Village's financial statements.



Chief Administrative Officer



Date



*Scott St. Arnaud, CPA, CA *Jolene P. Kobi, CPA, CA *Justin J. Tanner, CPA, CA
*Peggy Weinzierl, CPA, CA (Associate)

INDEPENDENT AUDITORS' REPORT

TO: The Mayor and Council
Village of Delburne

Qualified Opinion

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

Asset retirement obligations cannot be reliably determined at this time, so an adequate provision for these costs could not be recorded.

In our opinion, except for the effect of the adjustments which might have been determined to be necessary related to asset retirement obligations as described in the preceding paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the village as at December 31, 2025, the results of its operations, change in its net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the village 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 cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 purposes of expressing an opinion on the effectiveness of the village'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 village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stettler, Alberta
April 14, 2026


CHARTERED PROFESSIONAL ACCOUNTANTS

VILLAGE OF DELBURNE

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 1,506,542	\$ 1,072,717
Taxes and grants in place of taxes receivable (Note 4)	111,832	127,890
Trade and other receivables	58,841	58,669
Due from other Government	62,398	301,608
Long-term investments (Note 5)	<u>1,571,810</u>	<u>1,811</u>
	<u>3,311,423</u>	<u>1,562,695</u>
LIABILITIES		
Accounts payable and accrued liabilities	184,751	175,043
Deferred revenue (Note 6)	533,452	286,966
Long term debt (Note 7)	-	161,750
Tax surplus liability	<u>59,938</u>	<u>31,892</u>
	<u>778,141</u>	<u>655,651</u>
NET FINANCIAL ASSETS (DEBT)	<u>2,533,282</u>	<u>907,044</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	6,936,129	8,199,393
Inventory for consumption	18,207	23,274
Prepaid expenses	29,058	25,407
Land held for resale	<u>300,186</u>	<u>317,886</u>
	<u>7,283,580</u>	<u>8,565,960</u>
ACCUMULATED SURPLUS (Schedule 1)	\$ <u>9,816,862</u>	\$ <u>9,473,004</u>
CONTINGENCIES – Note 12		

APPROVED ON BEHALF OF THE VILLAGE COUNCIL:



Mayor



Councillor

VILLAGE OF DELBURNE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget (Unaudited)	2025	2024
REVENUES			
Net taxes (Schedule 3)	\$ 882,812	\$ 894,782	\$ 851,847
Sales and user fees	569,595	453,044	436,171
Government transfers for operating (Schedule 4)	236,226	302,691	318,650
Investment income	75,000	23,128	67,707
Rentals	65,000	45,120	45,638
Penalties and costs of taxes	35,000	31,705	3,974
Fines and costs	25,838	11,339	9,211
Licenses and permits	7,000	5,075	5,415
Franchise agreement	70,000	91,759	92,379
Other	108,132	74,165	79,907
Gain on disposal of tangible capital assets	<u>58,000</u>	<u>410,023</u>	<u>1,985</u>
Total Revenue	<u>2,132,603</u>	<u>2,342,831</u>	<u>1,912,884</u>
EXPENSES (Schedule 5)			
Legislative	144,223	110,462	109,860
Administration	531,369	556,728	552,078
Protective services	108,336	102,103	86,949
Transportation services	507,537	662,100	669,390
Water and wastewater	263,020	311,903	542,647
Waste management and recycling	148,712	127,684	142,987
Recreation and parks	397,527	372,080	357,741
Family and community support	140,450	121,116	119,247
Land use planning, zoning and development	61,067	77,246	43,924
Other	<u>1,050</u>	<u>635</u>	<u>34,895</u>
Total Expenses	<u>2,303,291</u>	<u>2,442,057</u>	<u>2,659,718</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES – BEFORE CAPITAL REVENUE	(170,688)	(99,226)	(746,834)
CAPITAL REVENUE			
Government transfers for capital (Schedule 4)	<u>207,950</u>	<u>443,084</u>	<u>474,830</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ <u>37,262</u>	343,858	(272,004)
ACCUMULATED SURPLUS – BEGINNING OF YEAR		<u>9,473,004</u>	<u>9,745,008</u>
ACCUMULATED SURPLUS – END OF YEAR		\$ <u>9,816,862</u>	\$ <u>9,473,004</u>

VILLAGE OF DELBURNE

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ <u>343,858</u>	\$ <u>(272,004)</u>
Acquisition of tangible capital assets	(245,858)	(250,440)
Proceeds on disposal of tangible capital assets	1,570,000	100,300
Amortization of tangible capital assets	349,144	399,933
(Gain) loss on disposal of tangible capital assets	<u>(410,023)</u>	<u>8,883</u>
	<u>1,263,263</u>	<u>258,676</u>
Net use (acquisition) of supplies inventories	5,068	(308)
Net use (acquisition) of prepaid assets	(3,651)	3,346
Net use (acquisition) of land held for resale	<u>17,700</u>	<u>(177,412)</u>
	<u>19,117</u>	<u>(174,374)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	1,626,238	(187,702)
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	<u>907,044</u>	<u>1,094,746</u>
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ <u>2,533,282</u>	\$ <u>907,044</u>

VILLAGE OF DELBURNE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess (shortfall) of revenues over expenses	\$ 343,858	\$ (272,004)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	349,144	399,933
(Gain) loss on disposal of tangible capital assets	(410,023)	8,883
Non-cash changes to operations (net change)		
Taxes and grants in place of taxes receivables	16,058	(11,093)
Trade and other receivables	(170)	(2,900)
Due from other Government	239,210	(292,007)
Decrease (Increase) in inventory for consumption	5,067	(308)
Prepaid expenses	(3,651)	3,346
Land held for resale	17,700	(177,412)
Accounts payable and accrued liabilities	9,708	32,621
Deferred revenue	246,486	(106,803)
Tax surplus liability	<u>28,046</u>	<u>(1,530)</u>
Net cash provided by (used in) operating activities	<u>841,433</u>	<u>(419,274)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(245,858)	(250,440)
Proceeds from disposal of tangible capital assets	<u>1,570,000</u>	<u>100,300</u>
Net cash provided by (used in) capital activities	<u>1,324,142</u>	<u>(150,140)</u>
INVESTING ACTIVITIES		
Acquisition of long term investments	<u>(1,570,000)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(1,570,000)</u>	<u>-</u>
FINANCING ACTIVITIES		
Repayment of long term debt	(161,750)	(160,363)
Change in restricted portion of cash and cash equivalents	<u>(148,113)</u>	<u>414,603</u>
Net cash provided by (used in) financing activities	<u>(309,863)</u>	<u>254,240</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	285,712	(315,174)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>566,798</u>	<u>881,972</u>
CASH AND CASH EQUIVALENTS - END OF YEAR (Note 3)	<u>852,510</u>	<u>566,798</u>
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash	1,506,542	1,072,717
Less: Restricted portion of cash and cash equivalents (Note 3)	<u>(654,032)</u>	<u>(505,919)</u>
	<u>\$ 852,510</u>	<u>\$ 566,798</u>

VILLAGE OF DELBURNE
SCHEDULE 1 - CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2025	2024
BALANCE - BEGINNING OF YEAR	\$ <u>1,061,187</u>	\$ <u>374,174</u>	\$ <u>8,037,643</u>	\$ <u>9,473,004</u>	\$ <u>9,745,008</u>
Excess (deficiency) of revenues over expenses	343,858	-	-	343,858	(272,004)
Unrestricted funds designated for future use	(37,593)	37,593	-	-	-
Restricted funds used for operations	177,861	(177,861)	-	-	-
Current year funds used for tangible capital assets	(245,858)	-	245,858	-	-
Disposal of tangible capital assets	1,159,978	-	(1,159,978)	-	-
Annual amortization expense	349,144	-	(349,144)	-	-
Long term debt repaid	<u>(161,750)</u>	<u>-</u>	<u>161,750</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>1,585,640</u>	<u>(140,268)</u>	<u>(1,101,514)</u>	<u>343,858</u>	<u>(272,004)</u>
BALANCE - END OF YEAR	\$ <u><u>2,646,827</u></u>	\$ <u><u>233,906</u></u>	\$ <u><u>6,936,129</u></u>	\$ <u><u>9,816,862</u></u>	\$ <u><u>9,473,004</u></u>

VILLAGE OF DELBURNE

SCHEDULE 2 – SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2025	2024
COST:								
BALANCE – BEGINNING OF YEAR	\$ 422,366	\$ 1,300,165	\$ 1,585,347	\$ 11,449,903	\$ 1,122,797	\$ 137,594	\$ 16,018,172	\$ 15,895,366
Acquisition of tangible capital assets	-	-	146,239	-	20,900	-	167,139	250,440
Construction in progress	-	-	-	78,719	-	-	78,719	-
Disposal of tangible capital assets	-	-	-	(1,210,000)	(43,347)	-	(1,253,347)	(127,634)
BALANCE - END OF YEAR	<u>422,366</u>	<u>1,300,165</u>	<u>1,731,586</u>	<u>10,318,622</u>	<u>1,100,350</u>	<u>137,594</u>	<u>15,010,683</u>	<u>16,018,172</u>
ACCUMULATED AMORTIZATION:								
BALANCE - BEGINNING OF YEAR	-	1,025,205	653,674	5,372,720	650,182	116,998	7,818,779	7,437,297
Annual amortization	-	64,647	34,610	192,923	53,039	3,925	349,144	399,933
Accumulated amortization on disposals	-	-	-	(84,700)	(8,669)	-	(93,369)	(18,451)
BALANCE - END OF YEAR	<u>-</u>	<u>1,089,852</u>	<u>688,284</u>	<u>5,480,943</u>	<u>694,552</u>	<u>120,923</u>	<u>8,074,554</u>	<u>7,818,779</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>422,366</u>	<u>210,313</u>	<u>1,043,302</u>	<u>4,837,679</u>	<u>405,798</u>	<u>16,671</u>	<u>6,936,129</u>	<u>\$ 8,199,393</u>
2024 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ <u>422,366</u>	\$ <u>274,960</u>	\$ <u>931,673</u>	\$ <u>6,077,183</u>	\$ <u>472,615</u>	\$ <u>20,596</u>	\$ <u>8,199,393</u>	

VILLAGE OF DELBURNE

SCHEDULE 3 – PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget (Unaudited)	2025	2024
TAXATION			
Real property taxes	\$ 1,093,275	\$ 1,117,701	\$ 1,064,485
Linear property taxes	40,593	40,593	38,306
Government grants in place of property taxes	<u>2,191</u>	<u>2,191</u>	<u>2,193</u>
	<u>1,136,059</u>	<u>1,160,485</u>	<u>1,104,984</u>
REQUISITIONS			
Alberta School Foundation Fund	250,463	262,903	250,462
Autumn Glen Lodge	2,675	2,800	2,675
Designated industrial	<u>109</u>	<u>-</u>	<u>-</u>
	<u>253,247</u>	<u>265,703</u>	<u>253,137</u>
NET MUNICIPAL TAXES	<u>\$ 882,812</u>	<u>\$ 894,782</u>	<u>\$ 851,847</u>

SCHEDULE 4 – GOVERNMENT TRANSFERS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget (Unaudited)	2025	2024
TRANSFER FOR OPERATING			
Provincial government	\$ 69,250	\$ 124,762	\$ 155,000
Federal government	-	2,100	2,100
Other local government	<u>166,976</u>	<u>175,829</u>	<u>161,550</u>
	<u>236,226</u>	<u>302,691</u>	<u>318,650</u>
TRANSFERS FOR CAPITAL			
Provincial government	196,950	289,863	474,830
Federal government	<u>11,000</u>	<u>153,221</u>	<u>-</u>
	<u>207,950</u>	<u>443,084</u>	<u>474,830</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 444,176</u>	<u>\$ 745,775</u>	<u>\$ 793,480</u>

VILLAGE OF DELBURNE

SCHEDULE 5 –EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget (Unaudited)	2025	2024
EXPENSES BY OBJECT			
Salaries, wages, and benefits	\$ 916,543	\$ 870,639	\$ 819,789
Contracted and general services	616,941	713,483	972,761
Materials, goods, supplies and utilities	278,607	286,060	267,869
Provision for allowance for doubtful accounts	-	628	273
Transfer to local agencies	140,414	117,835	99,814
Transfer to other governments	77,129	91,128	74,857
Bank charges and short-term interest	699	540	825
Interest on long term debt	1,050	635	2,025
Amortization of tangible capital assets	260,108	349,144	399,933
Loss on sale of tangible capital assets	-	-	10,868
Other expenses	11,800	11,965	10,704
	<u>\$ 2,303,291</u>	<u>\$ 2,442,057</u>	<u>\$ 2,659,718</u>

VILLAGE OF DELBURNE

SCHEDULE 6 - SEGMENTED DISCLOSURE

FOR THE YEAR ENDED DECEMBER 31, 2025

	General Government	Protective Services	Transportation Services	Environmental Services	Planning & Development	Recreation & Culture	Other	Total
REVENUE								
Net municipal taxes	\$ 894,782	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	894,782
Sales and user fees	100	-	-	432,010	4,200	16,734	-	453,044
Government transfers - operations	79,136	-	15,000	5,000	74,521	20,000	109,034	302,691
Investment income	23,128	-	-	-	-	-	-	23,128
Rentals	-	-	-	-	-	34,500	10,620	45,120
Penalties and costs of taxes	31,705	-	-	-	-	-	-	31,705
Fines and costs	9,311	400	-	1,628	-	-	-	11,339
License and permits	1,250	3,825	-	-	-	-	-	5,075
Franchise agreements	91,759	-	-	-	-	-	-	91,759
Other revenues	7,410	-	-	750	19,761	35	46,209	74,165
Gain on sale of tangible capital assets	410,023	-	-	-	-	-	-	410,023
	<u>1,548,604</u>	<u>4,225</u>	<u>15,000</u>	<u>439,388</u>	<u>98,482</u>	<u>71,269</u>	<u>165,863</u>	<u>2,342,831</u>
EXPENSES								
Salaries and wages	417,066	-	159,070	151,376	54,542	-	88,585	870,639
Contract and general services	172,922	28,260	235,445	142,226	16,071	69,703	48,856	713,483
Materials, goods and supplies	54,336	6,163	112,246	47,064	29,353	320	36,578	286,060
Provision for allowance for doubtful accounts	-	-	-	628	-	-	-	628
Transfers to local agencies	-	-	-	-	2,386	10,000	105,449	117,835
Transfer to other governments	-	63,227	1,115	-	15,286	-	11,500	91,128
Bank charges and short term interest	540	-	-	-	-	-	-	540
Interest on long term debt	635	-	-	-	-	-	-	635
Other expenses	11,635	-	-	300	-	-	30	11,965
	<u>657,134</u>	<u>97,650</u>	<u>507,876</u>	<u>341,594</u>	<u>117,638</u>	<u>80,023</u>	<u>290,998</u>	<u>2,092,913</u>
NET REVENUE, BEFORE AMORT AND ACCRETION	891,470	(93,425)	(492,876)	97,794	(19,156)	(8,754)	(125,135)	249,918
Amortization expense	(10,690)	(4,453)	(155,339)	(96,878)	(700)	-	(81,084)	(349,144)
Government transfers – capital	-	-	235,389	50,646	-	3,828	153,221	443,084
NET REVENUE (Note 14)	<u>\$ 880,780</u>	<u>\$ (97,878)</u>	<u>\$ (412,826)</u>	<u>\$ 51,562</u>	<u>\$ (19,856)</u>	<u>\$ (4,926)</u>	<u>\$ (52,998)</u>	<u>\$ 343,858</u>

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting and Auditing Board of the Chartered Professional Accountants of Canada. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies adopted as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity which comprises all the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

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

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes 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.

Realized and unrealized gains and losses are reported in the statement of operations.

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.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

VILLAGE OF DELBURNE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(c) Use of Estimates - Continued

Amortization is based on the estimated useful lives of property and equipment. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

There is measurement uncertainty related to asset retirement obligations. Determining settlement amounts, discount rates and timing of settlement involves estimation. Changes to any of these estimates and assumptions may result in a change to the obligation.

(d) 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.

(e) Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the village has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

(f) 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.

(g) 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.

VILLAGE OF DELBURNE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(g) Government Transfers - Continued

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

(h) Taxes and Grants in Place of Taxes Receivable

Current and arrears taxes and grants in place of taxes receivable consist of current tax levies and tax levies of prior years which remain outstanding at December 31st.

(i) Held-to-Maturity Financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. They are measured at amortized cost using the effective interest rate method less any impairment loss. A gain or loss is recognized in net income when the financial asset or financial liability is derecognized or impaired, and through the amortization process.

(j) Land Held For Resale

Land held for resale is recorded at the lower of cost and 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 waste water services, roads, sidewalks and street lighting are recorded as property and equipment under their respective function.

(k) Interest on Long-Term Debt

Interest on long-term debt is recorded as an expenditure as payment is made and is accrued for as long-term debt interest payable at the end of the year.

(l) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. The Village's financial instruments consist of cash, receivables, long-term investments, accounts payable and accrued liabilities, deferred revenue, long-term debt and capital lease obligations. It is management's opinion that the Village is not exposed to significant interest or currency risks arising from these financial statements. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values. Cash, short-term investments and long-term investments have been classified as held-to-maturity.

VILLAGE OF DELBURNE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(m) Allowances for Operating Assets

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as an expenditure while decreases in allowances are recorded as a revenue in the operating fund.

(n) Over-levies and Under-levies

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. When the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property taxes.

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

(o) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital asset. A liability for an asset retirement obligation is recognized at an estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the village 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 estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. These may include, but are not limited to, decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed; remediation of contamination of a tangible capital asset created by its normal use; post-retirement activities such as monitoring; and constructing other tangible capital assets to perform post-retirement activities.

The 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.

VILLAGE OF DELBURNE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(o) Asset retirement obligation - Continued

At each financial reporting date, the village reviews the carrying amount of the liability. The village 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 village 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.

(p) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, accounts with banks and short-term liquid investments.

(q) 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 Change in Net Financial Assets (Debt) 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, improvement, betterment or retirement 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:

	YEARS
Land improvements	15 - 45
Buildings	25 - 50
Engineered structures	
Roadway system	5 - 40
Water system	45 - 60
Wastewater system	45 - 60
Storm system	45 - 75
Machinery and equipment	5 - 40
Vehicles	10 - 25

The annual amortization charge in the year of acquisition and in the year of disposal is pro-rated based on the number of days that the asset was owned during the year. Assets under construction are not amortized until the asset is available for productive use.

VILLAGE OF DELBURNE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES – Continued

(q) Non-Financial Assets - Continued

(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) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost. Cost is determined by using the FIFO inventory costing method.

(iv) 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.

2. ACCOUNTING PRONOUNCEMENTS PUBLISHED BUT NOT YET ADOPTED

The following accounting standards have been issued by the Chartered Professional Accountants of Canada but are not yet effective. Management is currently evaluating the effect of adopting these standards on the financial statements.

(a) The Conceptual Framework for Financial Reporting in the Public Sector

The Conceptual Framework is a coherent set of interrelated concepts underlying accounting and financial reporting standards, prescribes the nature, function and limits of financial accounting and reporting, and is the foundation on which standards are developed and professional judgement is applied. Effective for the fiscal years beginning on or after April 1, 2026.

(b) Section PS 1202 – Financial Statement Presentation

This section sets out general and specific requirements for the presentation of information in general purpose financial statements. This new standard will effectively replace PS 1201 – Financial Statement Presentation. Effective for the fiscal years beginning on or after April 1, 2026.

(c) Section PS3150 – Tangible Capital Assets

This section establishes guidance on the recognition and measurement for tangible capital assets. Effective for the fiscal years beginning on or after April 1, 2030.

VILLAGE OF DELBURNE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. CASH AND CASH EQUIVALENTS

	2025	2024
Cash	\$ <u>1,506,542</u>	\$ <u>1,072,717</u>

Council has designated funds of \$233,906 (2024 - \$374,174) included in the above amounts as restricted surplus.

Included in cash is a restricted balance of \$360,188 (2024 - \$99,853) related to various deferred grant revenues (Note 6) as well as a balance of \$59,938 (2024 - \$31,892) related to net proceeds from a tax sale surplus.

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2025	2024
Current taxes and grants in place of taxes	\$ 82,335	\$ 87,440
Arrears taxes	<u>29,497</u>	<u>40,450</u>
	111,832	127,890
Less: Allowance for uncollectible taxes	<u>-</u>	<u>-</u>
	\$ <u>111,832</u>	\$ <u>127,890</u>

5. LONG TERM INVESTMENTS

	2025	2024
Rural Connect Shares at cost	\$ 1,570,000	\$ -
UFA patronage account	<u>1,810</u>	<u>1,811</u>
	\$ <u>1,571,810</u>	\$ <u>1,811</u>

6. DEFERRED REVENUE

	2025	2024
Federal Gas Tax Fund (CCBF)	\$ 162,929	\$ 99,853
FCSS programs	57,395	58,456
Red Deer County	76,949	65,761
LGFF Capital	197,259	-
City of Red Deer - FCSS	16,691	16,691
Prepaid property taxes	10,784	19,732
Deposits	-	10,000
Prepaid utilities	9,645	9,866
Food bank donations	-	4,577
Other grants and programs	1,740	1,740
Prepaid licenses	<u>60</u>	<u>290</u>
	\$ <u>533,452</u>	\$ <u>286,966</u>

VILLAGE OF DELBURNE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

7. LONG TERM DEBT

	2025	2024
Alberta Capital Finance Authority, due \$81,399 semi-annually Including interest at 0.863%, maturing September 2025	\$ <u> -</u>	\$ <u>161,750</u>

Alberta Capital Finance Authority debt is issued on the credit and security of the Village at large.

8. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the municipality be disclosed as follows:

	2025	2024
Total debt limit	\$ 3,514,247	\$ 2,869,326
Total debt	<u> -</u>	<u>161,750</u>
Amount of debt limit (exceeded) available	<u>3,514,247</u>	<u>2,707,576</u>
Debt servicing limit	585,708	478,221
Debt servicing	<u> -</u>	<u>162,798</u>
Amount of debt servicing limit (exceeded) available	<u>\$ 585,708</u>	<u>\$ 315,423</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) 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 municipality. Rather, the financial statements must be interpreted as a whole.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2025	2024
Tangible capital assets (Schedule 2)	\$ 15,010,683	\$ 16,018,172
Accumulated amortization (Schedule 2)	(8,074,554)	(7,818,779)
Long Term Debt (Note 7)	<u> -</u>	<u>(161,750)</u>
	<u>\$ 6,936,129</u>	<u>\$ 8,037,643</u>

VILLAGE OF DELBURNE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

10. RESTRICTED SURPLUS

	2024	Increases	Decreases	2025
Administration - capital	\$ 23,288	\$ 1,076	\$ -	\$ 24,364
Cemetery	19,920	-	4,450	15,470
Community enhancement	4,069	-	-	4,069
Council	2,110	-	-	2,110
Emergency services	15,564	-	-	15,564
Family and community support	8,566	-	-	8,566
Fire department	20,000	-	-	20,000
General capital	14,142	11,517	9,500	16,159
General contingency	4,698	-	-	4,698
Infrastructure	218,686	25,000	161,750	81,936
Lifeline	10,568	-	2,161	8,407
Subdivision	32,563	-	-	32,563
Total	\$ 374,174	\$ 37,593	\$ 177,861	\$ 233,906

11. SALARY & BENEFITS DISCLOSURE

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

	2025			2024
	Salary(1)	Benefits & Allowances(2)	Total	Total
Mayor Wilson	\$ 10,000	\$ -	\$ 10,000	\$ 18,897
Councillor/Mayor Bourne	17,500	833	18,333	16,903
Councillor Faulk	12,000	506	12,506	12,945
Councillor Folks	7,975	301	8,276	13,327
Councillor R Reckseidler	9,725	-	9,725	12,925
Councillor Gillespoie	3,125	151	3,276	-
Councillor Ellis	3,100	-	3,100	-
Councillor J Reckseidler	3,100	150	3,250	-
Karen Fegan, CAO	108,813	16,786	125,599	119,912
Other Designated Officers (1 position)\$	13,500	-	\$ 13,500	\$ 13,500

(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.

VILLAGE OF DELBURNE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

12. CONTINGENCIES

The Village of Delburne is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Village of Delburne 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.

The Village of Delburne is a member municipality of the Central Alberta Waste Management Authority and provides funds for operations on an annual basis. The Authority is accumulating reserves to fund any future site cleanup obligations. The member municipalities may be liable for future costs in excess of the restricted surplus.

The Village of Delburne and the City of Red Deer through a joint agreement provide funds for the operation of the Delburne Family and Community Support Services. The amounts presented in this financial statement represent only the Village of Delburne portion of contributions made to F.C.S.S.

13. FINANCIAL INSTRUMENTS

The Village is exposed to various risks through its financial instruments. The following analysis provides a measure of the Village's risk exposure and concentrations at the balance sheet date.

Market Risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Village is exposed to interest rate risk on bank indebtedness and fixed rate investments as the interest rates vary with changes in the prime lending rate.

Operating Lines of Credit

At December 31, 2025, the Village had short-term bank lines of credit aggregating \$50,000 (2024 - \$50,000) of which \$NIL (2024 - \$NIL) had been drawn down. Lines of credit are revolving operating and term facilities that bear interest at prime. They are reviewed annually and secured by a general security agreement.

VILLAGE OF DELBURNE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

13. FINANCIAL INSTRUMENTS - Continued

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village 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. The carrying value of accounts receivable reflects management's assessment of credit risk.

14. SEGMENTED DISCLOSURE

The Village of Delburne 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 financial statements as disclosed in Note 1.

General government includes council and other legislative, and general administration. Protective services includes bylaw enforcement, police and fire. Transportation includes roads, streets, walks, lighting and airport. Environmental use and protection includes water supply and distribution, wastewater treatment and disposal, and waste management. Planning and development includes land use planning, zoning and subdivision land and development. Public health and welfare includes family and community support. Recreation and culture includes parks and recreation, libraries, museums and halls.

Refer to the Schedule 6 – Segmented Disclosure.

15. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.