

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

TOWN OF NOBLEFORD

Table of Contents

Year Ended December 31, 2025

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Consolidated Schedule of Changes in Accumulated Surplus <i>(Schedule 1)</i>	8
Consolidated Schedule of Tangible Capital Assets <i>(Schedule 2)</i>	9
Consolidated Schedule of Property and Other Taxes <i>(Schedule 3)</i>	10
Consolidated Schedule of Government Transfers <i>(Schedule 4)</i>	11
Consolidated Schedule of Consolidated Expenses by Object <i>(Schedule 5)</i>	12
Consolidated Schedule of Segmented Disclosure <i>(Schedule 6)</i>	13
Notes to Consolidated Financial Statements	14 - 24

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

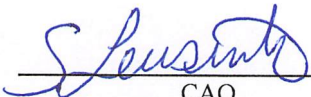
The consolidated financial statements are the responsibility of the management of the Town of Nobleford (the "Town").

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


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

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

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



CAO



CFO

Nobleford, Alberta
April 28, 2026



INDEPENDENT AUDITOR'S REPORT

To the Members of Council of the Town of Nobleford

Qualified Opinion

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

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2025, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Town was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Management had not completed its assessment of the tangible capital assets for potential asset retirement obligation. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended December 31, 2025 and 2024, tangible capital assets and the asset retirement obligation as at December 31, 2025 and 2024.

The predecessor auditor's opinion on the consolidated financial statements for the year ended December 31, 2024 was modified because of the effects of this departure from Canadian public sector accounting standards.

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

Other Matter

The consolidated financial statements for the year ended December 31, 2024 were audited by another auditor who expressed a qualified opinion on those consolidated financial statements on April 22, 2025 for the reasons described in the *Basis for Qualified Opinion* section.

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 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.

(continues)

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

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

Shawn Cook
Professional Corporation

Lethbridge, Alberta
April 28, 2026

Chartered Professional Accountants




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

	2025	2024
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 4,223,099	\$ 3,450,199
Taxes and grants in place of taxes receivable <i>(Note 3)</i>	29,432	33,776
Trade and other receivables <i>(Note 3)</i>	314,881	219,094
Land held for resale	27,741	41,500
	<u>4,595,153</u>	<u>3,744,569</u>
LIABILITIES		
Accounts payable and accrued liabilities	37,102	114,977
Deposits <i>(Note 4)</i>	8,000	28,039
Deferred revenue <i>(Note 5)</i>	15,522	4,029
Long-term debt <i>(Note 6)</i>	260,758	129,542
	<u>321,382</u>	<u>276,587</u>
NET FINANCIAL ASSETS	<u>4,273,771</u>	<u>3,467,982</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Schedule 2)</i>	18,061,777	18,454,055
Land held for resale	389,346	417,086
	<u>18,451,123</u>	<u>18,871,141</u>
ACCUMULATED SURPLUS <i>(Schedule 1 and Note 10)</i>	<u>\$ 22,724,894</u>	<u>\$ 22,339,123</u>

Commitments and contingencies (Note 16)

Approved on behalf of Council:

 _____ Chief Elected Officer

 _____ Councillor

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

	Budget (Unaudited)	2025	2024
REVENUE			
User fees and sales of goods	\$ 1,155,370	\$ 1,274,082	\$ 1,187,869
Net municipal property taxes <i>(Schedule 3)</i>	824,840	863,162	652,211
Land sales	-	297,059	-
Investment income	160,000	116,625	171,382
Franchise and concession contracts <i>(Note 14)</i>	79,000	81,697	81,073
Government transfers for operating <i>(Schedule 4)</i>	78,350	76,900	90,320
Penalties and costs of taxes	14,900	14,677	21,350
Licenses and permits	14,800	13,366	14,724
	<u>2,327,260</u>	<u>2,737,568</u>	<u>2,218,929</u>
EXPENSES			
Legislative	47,300	45,522	37,673
Administration	497,900	462,536	460,073
Bylaw enforcement	76,100	76,717	85,092
Fire services	215,090	297,087	221,822
Common and equipment pool	44,200	54,862	56,197
Roads, streets, walks and lighting	174,650	297,782	316,945
Water supply and distribution	392,280	621,268	613,454
Wastewater treatment and disposal	39,750	140,395	99,087
Waste management	144,500	150,050	138,593
Family and community support services	11,800	11,734	11,504
Subdivision land and development	33,800	75,455	183,353
Parks and recreation	155,900	204,687	207,124
Culture - libraries, museums, halls	17,990	14,486	15,703
	<u>1,851,260</u>	<u>2,452,581</u>	<u>2,446,620</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	<u>476,000</u>	<u>284,987</u>	<u>(227,691)</u>
OTHER			
Government transfers for capital <i>(Schedule 4)</i>	-	43,684	379,041
Contributed assets	-	57,100	-
	<u>-</u>	<u>100,784</u>	<u>379,041</u>
EXCESS OF REVENUE OVER EXPENSES	<u>476,000</u>	<u>385,771</u>	<u>151,350</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>22,339,123</u>	<u>22,339,123</u>	<u>22,187,773</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 22,815,123</u>	<u>\$ 22,724,894</u>	<u>\$ 22,339,123</u>

TOWN OF NOBLEFORD**Consolidated Statement of Changes in Net Financial Assets****Year Ended December 31, 2025**

	Budget (Unaudited)	2025	2024
EXCESS OF REVENUE OVER EXPENSES	\$ 476,000	\$ 385,771	\$ 151,350
Acquisition of tangible capital assets	-	(180,240)	(910,867)
Contributed assets	-	(57,100)	-
Amortization of tangible capital assets	-	629,618	644,388
	-	392,278	(266,479)
Use of land held for resale	-	27,740	-
	-	420,018	(266,479)
CHANGE IN NET FINANCIAL ASSETS	476,000	805,789	(115,129)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	3,467,982	3,467,982	3,583,111
NET FINANCIAL ASSETS, END OF YEAR	\$ 3,943,982	\$ 4,273,771	\$ 3,467,982

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

	2025	2024
OPERATING		
Excess of revenue over expenses	\$ 385,771	\$ 151,350
Non-cash items included in excess of revenue over expenses		
Amortization of tangible capital assets	629,618	644,388
Contributed assets	(57,100)	-
	<u>958,289</u>	<u>795,738</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	4,344	(4,342)
Trade and other receivables	(95,787)	222,615
Land held for resale	41,500	-
Accounts payable and accrued liabilities	(77,876)	7,265
Deposits	(20,039)	-
Deferred revenue	11,493	(5,214)
	<u>(136,365)</u>	<u>220,324</u>
	<u>821,924</u>	<u>1,016,062</u>
CAPITAL		
Acquisition of tangible capital assets	(9,720)	(910,867)
	<u>(9,720)</u>	<u>(910,867)</u>
FINANCING		
Repayment of long term debt	(39,304)	(20,320)
	<u>(39,304)</u>	<u>(20,320)</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	772,900	84,875
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	3,450,199	3,365,324
CASH AND TEMPORARY INVESTMENTS, END OF YEAR (Note 2)	\$ 4,223,099	\$ 3,450,199

TOWN OF NOBLEFORD

Schedule of Changes in Accumulated Surplus

(Schedule 1)

Year Ended December 31, 2025

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2025	2024
BALANCE, BEGINNING OF THE YEAR	\$ 553,645	\$ 3,460,965	\$ 18,324,513	\$ 22,339,123	\$ 22,187,773
Excess of revenue over expenses	385,771	-	-	385,771	151,350
Unrestricted funds designated for future use	(862,124)	862,124	-	-	-
Contributed assets	(57,100)	-	57,100	-	-
Land annexed from the County	(170,520)	-	170,520	-	-
Restricted funds used for tangible capital assets	-	(9,720)	9,720	-	-
Amortization of tangible capital assets	629,618	-	(629,618)	-	-
Repayment of long term debt	(39,304)	-	39,304	-	-
Increase to long-term debt	170,520	-	(170,520)	-	-
Change in accumulated surplus	56,861	852,404	(523,494)	385,771	151,350
BALANCE, END OF THE YEAR	\$ 610,506	\$ 4,313,369	\$ 17,801,019	\$ 22,724,894	\$ 22,339,123

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

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2025	2024
COST								
BALANCE, BEGINNING OF YEAR	\$ 1,115,890	\$ 840,103	\$ 2,836,299	\$ 24,445,885	\$ 36,880	\$ 864,914	\$ 30,139,971	\$ 29,229,104
Acquisition of tangible capital assets	170,520	-	-	-	-	66,820	237,340	910,867
BALANCE, END OF YEAR	1,286,410	840,103	2,836,299	24,445,885	36,880	931,734	30,377,311	30,139,971
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	591,273	1,590,885	8,974,711	25,103	503,944	11,685,916	11,041,528
Amortization of tangible capital assets	-	37,861	61,929	472,319	3,923	53,586	629,618	644,388
BALANCE, END OF YEAR	-	629,134	1,652,814	9,447,030	29,026	557,530	12,315,534	11,685,916
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 1,286,410	\$ 210,969	\$ 1,183,485	\$ 14,998,855	\$ 7,854	\$ 374,204	\$ 18,061,777	\$ 18,454,055
2024 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 1,115,890	\$ 248,830	\$ 1,245,414	\$ 15,471,174	\$ 11,777	\$ 360,970	\$ 18,454,055	

TOWN OF NOBLEFORD
Schedule of Property and Other Taxes
Year Ended December 31, 2025

(Schedule 3)

	Budget (Unaudited)	2025	2024
TAXATION			
Real property taxes	\$ 1,447,840	\$ 1,486,037	\$ 1,173,071
REQUISITIONS			
Alberta School Foundation Fund	593,000	593,002	493,538
Green Acres Foundation	30,000	29,873	27,322
	623,000	622,875	520,860
NET MUNICIPAL PROPERTY TAXES	\$ 824,840	\$ 863,162	\$ 652,211

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

(Schedule 4)

	Budget (Unaudited)	2025	2024
TRANSFERS FOR OPERATING			
Provincial Government	\$ 48,250	\$ 44,142	\$ 60,224
Other Local Government	30,100	32,758	30,096
	<u>78,350</u>	<u>76,900</u>	<u>90,320</u>
TRANSFERS FOR CAPITAL			
Provincial Government	-	43,684	302,456
Federal Government	-	-	76,585
	<u>-</u>	<u>43,684</u>	<u>379,041</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 78,350</u>	<u>\$ 120,584</u>	<u>\$ 469,361</u>

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

	Budget (Unaudited)	2025	2024
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 693,000	\$ 694,466	\$ 654,611
Contracted and general services	657,250	615,038	670,376
Materials, goods, supplies and utilities	348,130	332,726	338,018
Transfers to other governments	98,300	124,035	95,172
Transfers to local boards and agencies	47,100	48,954	36,074
Interest on long-term debt	5,880	5,575	6,503
Bank charges and short-term interest	1,600	2,169	1,478
Amortization of tangible capital assets	-	629,618	644,388
	<u>\$ 1,851,260</u>	<u>\$ 2,452,581</u>	<u>\$ 2,446,620</u>

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

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Planning and development	Recreation and culture	Total
REVENUE							
User fees and sales of goods	\$ 47,576	\$ 238,847	\$ 44,874	\$ 883,379	\$ 2,000	\$ 57,406	\$ 1,274,082
Net municipal property taxes	863,162	-	-	-	-	-	863,162
Land sales	-	-	-	-	297,059	-	297,059
Government transfers	44,142	2,662	-	43,684	-	30,096	120,584
Investment income	116,625	-	-	-	-	-	116,625
Franchise and concession contracts	81,697	-	-	-	-	-	81,697
Other revenues	19,073	4,005	-	4,965	-	-	28,043
	1,172,275	245,514	44,874	932,028	299,059	87,502	2,781,252
EXPENSES							
Salaries, wages and benefits	337,258	41,266	39,455	216,608	-	59,879	694,466
Contracted and general services	114,979	79,044	68,134	213,299	87,189	52,393	615,038
Materials, goods, supplies and utilities	22,023	51,290	80,528	151,635	-	27,250	332,726
Transfers to other governments	-	124,035	-	-	-	-	124,035
Transfers to local boards	-	37,395	-	-	-	11,559	48,954
Interest on long term debt	-	-	-	5,575	-	-	5,575
Bank charges and short-term interest	2,169	-	-	-	-	-	2,169
	476,429	333,030	188,117	587,117	87,189	151,081	1,822,963
NET REVENUE BEFORE OTHER	695,846	(87,516)	(143,243)	344,911	211,870	(63,579)	958,289
Contributed assets	-	(57,100)	-	-	-	-	(57,100)
Amortization of tangible capital assets	31,629	40,774	164,527	324,596	-	68,092	629,618
	31,629	(16,326)	164,527	324,596	-	68,092	572,518
NET REVENUE	\$ 664,217	\$ (71,190)	\$ (307,770)	\$ 20,315	\$ 211,870	\$ (131,671)	\$ 385,771

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

The statements exclude trust assets that are administered for the benefit of external parties, interdepartmental and organizational transactions and balances are eliminated.

Basis of Accounting

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

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Use of Estimates

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

(continues)

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

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and temporary investments

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

Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

Investments

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations.

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

Requisition over-levy and under-levy

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

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

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

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.

(continues)

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

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Deferred revenue

Deferred revenue represent government transfers, donations, and other amounts which have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met. Interest earned on deferred revenues, reserves, and offsite levies are calculated using an average investment earnings monthly.

Long-term debt

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

Revenue recognition

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues and the amounts to be received can be reasonably estimated and collection is reasonably assured. Revenue from transactions with no performance obligation is recognized at realizable value when the Town 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 payer. 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.

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.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

(continues)

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-Financial Assets

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

i. Tangible Capital Assets

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

	<u>Years</u>
Land improvements	10 - 25
Buildings	25 - 50
Engineered structures	5 - 75
Machinery and equipment	5 - 40
Vehicles	10 - 40

Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of tangible capital assets

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

iii. Leases

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

iv. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

Valuation of financial assets and liabilities

The Town's financial assets and financial liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Short-term investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term debt	Amortized cost

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

2. CASH AND TEMPORARY INVESTMENTS

	<u>2025</u>	<u>2024</u>
Cash on hand	\$ 103	\$ 103
Bank accounts	501,331	237,182
Temporary investments	<u>3,721,665</u>	<u>3,212,914</u>
	<u>\$ 4,223,099</u>	<u>\$ 3,450,199</u>

The temporary investments is a high interest savings account with an interest rate of prime less 1.65%.

3. RECEIVABLES

	<u>2025</u>	<u>2024</u>
Property taxes		
Current taxes and grants in place of taxes	\$ 21,743	\$ 20,188
Arrears taxes	<u>7,689</u>	<u>13,588</u>
	<u>29,432</u>	<u>33,776</u>
Trade and other		
Utilities	139,303	117,630
Canada Community-Building Fund (CCBF)	120,269	76,585
Trade accounts	32,663	13,128
Lethbridge County	32,099	16,841
Franchise fee	5,481	7,724
Goods and Services Tax (GST)	<u>(14,934)</u>	<u>(12,814)</u>
	<u>314,881</u>	<u>219,094</u>

4. DEPOSITS

	<u>2025</u>	<u>2024</u>
Landscaping deposits	\$ 8,000	\$ 12,000
Deposits on land sales	<u>-</u>	<u>16,039</u>
	<u>\$ 8,000</u>	<u>\$ 28,039</u>

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

5. DEFERRED REVENUE

	Balance, beginning of year	Received	Recognized	Balance, end of year
Prepaid property taxes	\$ 3,619	\$ 7,612	\$ 3,619	\$ 7,612
Community Foundation of Lethbridge and Southern Alberta	-	7,500	-	7,500
Local Government Fiscal Framework	410	-	-	410
	<u>\$ 4,029</u>	<u>\$ 15,112</u>	<u>\$ 3,619</u>	<u>\$ 15,522</u>

6. LONG-TERM DEBT

	<u>2025</u>	<u>2024</u>
Tax supported debentures - capital	\$ 108,293	\$ 129,542
County land annexation payments	152,465	-
	<u>\$ 260,758</u>	<u>\$ 129,542</u>

The current portion of long-term debt amounts to \$39,160 (2024 - \$21,249).

Principal repayment terms are approximately:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 39,160	\$ 4,644	\$ 43,804
2027	40,174	3,630	43,804
2028	41,237	2,567	43,804
2029	42,347	1,457	43,804
2030	30,076	297	30,373
Thereafter	67,764	-	67,764
	<u>\$ 260,758</u>	<u>\$ 12,595</u>	<u>\$ 273,353</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at 4.518% per annum and matures in 2030. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town at large.

The Town has entered into an order to annex land from the Lethbridge County. The order expires on September 30, 2034 and bears no interest.

Interest on long-term debt amounted to \$5,575 (2024 - \$6,503). The Town's total cash payments for interest on long-term debt in 2025 were \$5,616 (2024 - \$6,544).

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

7. DEBT LIMITS

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

	<u>2025</u>	<u>2024</u>
Total debt limit	\$ 4,106,352	\$ 3,328,394
Total debt	<u>(260,758)</u>	<u>(129,542)</u>
Amount of debt limit unused	<u>3,845,594</u>	<u>3,198,852</u>
Debt servicing limit	684,392	554,732
Debt servicing	<u>(43,804)</u>	<u>(26,864)</u>
Amount of debt servicing limit unused	<u>640,588</u>	<u>527,868</u>

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

8. CONTAMINATED SITES LIABILITY

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

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2025</u>	<u>2024</u>
Tangible capital assets (Schedule 2)	\$ 30,377,311	\$ 30,139,971
Accumulated amortization (Schedule 2)	<u>(12,315,534)</u>	<u>(11,685,916)</u>
Long term debt (Note 6)	<u>(108,293)</u>	<u>(129,542)</u>
	<u>\$ 17,953,484</u>	<u>\$ 18,324,513</u>

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

10. ACCUMULATED SURPLUS

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

	<u>2025</u>	<u>2024</u>
Unrestricted surplus	\$ 610,506	\$ 553,645
Operating reserves		
Operating contingency	946,875	946,875
Emergency services	225,368	153,744
Roads/street	282,749	182,749
Water treatment plant	357,412	192,412
Utility	731,435	641,435
Residential subdivision	1,645,652	1,270,152
Parks and recreation	17,500	7,500
	<u>4,206,998</u>	<u>3,394,867</u>
Capital reserves		
Capital contingency	106,378	66,098
	<u>106,378</u>	<u>66,098</u>
Equity in tangible capital assets (Note 9)	<u>17,953,484</u>	<u>18,324,513</u>
	<u>\$ 22,877,359</u>	<u>\$ 22,339,123</u>

11. SEGMENTED DISCLOSURE

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

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

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

12. SALARY AND BENEFITS DISCLOSURE

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

	Salary (1)	Benefits & Allowances (2)	2025	2024
Mayor Boeder	\$ 8,000	\$ 2,600	\$ 10,600	\$ 10,947
Councillor Jensen	5,000	1,836	6,836	7,789
Councillor McDowell	900	1,200	2,100	-
Councillor Morrow	900	1,465	2,365	-
Councillor Oudshoorn	5,200	2,655	7,855	6,500
Chief Administrative Officer	140,933	28,066	168,999	155,379
Designated Officer - Assessor - (1)	12,526	-	12,526	12,180

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition, if any.

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

- (3) During 2025, Councillor de Leeuw and Councillor Mans waived their benefits in the amount of \$5,450 and \$2,050 respectively (2024 - \$6,500 and \$6,500 respectively).

13. BUDGET AMOUNTS

The 2025 budget for the Town was approved by Council on March 25, 2025 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these consolidated financial statements.

Budgeted surplus per consolidated financial statements	<u>2025</u> 476,000
Less:	
Transfer to reserves	(455,000)
Principal debt repayments	<u>(21,000)</u>
Equals approved budget	<u>\$ -</u>

TOWN OF NOBLEFORD

Notes to Consolidated Financial Statements

Year Ended December 31, 2025

14. FRANCHISE AND CONCESSION CONTRACTS

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

	Budget (Unaudited)	2025	2024
Fortis electricity	\$ 54,000	\$ 54,581	\$ 54,212
ATCO natural gas	25,000	27,116	26,861
	<u>\$ 79,000</u>	<u>\$ 81,697</u>	<u>\$ 81,073</u>

15. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 8.45% (2024 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (2024 - 12.23%) on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2025 were \$33,162 (2024 - \$45,380). Total current service contributions by the employees of the Town to the LAPP in 2025 were \$29,580 (2024 - \$40,359).

At December 31, 2024, the LAPP disclosed an actuarial surplus of \$19.557 billion; the 2025 LAPP actuarial balance was not available at the date of this report.

16. COMMITMENTS AND CONTINGENCIES

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

TOWN OF NOBLEFORD

Notes to Consolidated Financial Statements

Year Ended December 31, 2025

17. FINANCIAL INSTRUMENTS

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

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

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

18. COMPARATIVE FIGURES

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

19. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

Council and Management have approved these consolidated financial statements.