

Financial Statements of

**TOWN OF REDCLIFF**

And Independent Auditor's Report thereon

Year ended December 31, 2025

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**


The Town of Redcliff's (the "Town") management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Town'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 accordance with Canadian public sector accounting standards. Financial statements are not precise, since they include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that 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 maintained a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The Town's Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the 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.

The financial statements have been audited by the independent firm of KPMG LLP, Chartered Professional Accountants. Their report to the Mayor and Councilors of the Town of Redcliff, stating the scope of their examination and opinion on the financial statements, follows.



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## **INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Councillors of the Town of Redcliff

### ***Opinion***

We have audited the financial statements of Town of Redcliff (the "Town"), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

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

### ***Basis for Opinion***

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

We are independent of the Town 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 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 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 Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.  
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Lethbridge, Canada

April 27, 2026

# TOWN OF REDCLIFF

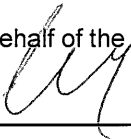
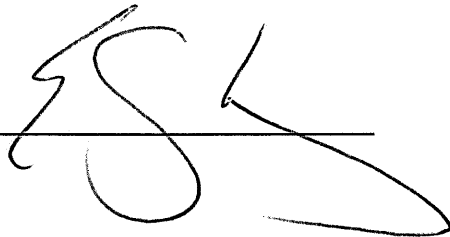
## Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
<b>Financial Assets:</b>		
Cash and cash equivalents (note 3)	\$ 7,777,821	\$ 4,983,915
Trade and other receivables (note 4)	1,141,480	1,647,828
Taxes and grants in place of taxes receivable (note 5)	1,479,395	1,568,625
Loans receivable (note 6)	416,145	518,725
Investments and marketable securities (note 7)	29,518,234	28,574,025
Land held for resale	781,086	814,605
Other inventories for resale	23,396	23,396
	<u>41,137,557</u>	<u>38,131,119</u>
<b>Financial Liabilities:</b>		
Accounts payable and accrued liabilities	1,305,361	2,612,842
Employee benefit obligation	120,956	121,536
Deferred revenue (note 10)	2,618,715	1,384,412
Long-term debt (note 11)	3,472,811	3,837,109
Asset retirement obligation (note 14)	1,935,628	1,882,908
	<u>9,453,471</u>	<u>9,838,807</u>
Net financial assets	31,684,086	28,292,312
<b>Non-Financial Assets:</b>		
Tangible capital assets (note 9 and schedule 6)	81,418,426	83,013,081
Prepaid expenses and deposits	132,532	75,394
Inventory held for consumption (note 8)	284,302	282,145
	<u>81,835,260</u>	<u>83,370,620</u>
Contingent liabilities (note 18)		
Contractual rights (note 20)		
Contractual obligations (note 22)		
Accumulated surplus (note 13 and schedule 3)	<u>\$113,519,346</u>	<u>\$111,662,932</u>

See accompanying notes to financial statements.

On behalf of the Council:

  
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# TOWN OF REDCLIFF

## Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

	Budget (note 21)	2025	2024
<b>Revenues:</b>			
Net municipal taxes (schedule 4)	\$ 6,884,377	\$ 6,591,732	\$ 6,571,307
User fees and sale of goods	6,025,844	6,236,791	5,671,569
Government transfers for operating (schedule 1)	641,682	592,290	604,530
Investment income	551,000	1,104,643	1,004,240
Rentals	201,270	202,868	184,432
Penalties, fees and permits	112,500	148,300	117,736
Other	9,650	30,733	3,004
	<u>14,426,323</u>	<u>14,907,357</u>	<u>14,156,818</u>
<b>Expenses (schedule 5):</b>			
Legislative	189,310	171,118	157,159
Administration	1,833,528	2,520,022	2,379,074
Protective services	2,275,915	2,060,317	1,735,164
Transportation services	3,124,804	2,883,916	2,792,098
Water, wastewater, and waste management	5,006,337	3,488,327	3,683,516
Public health and welfare	467,011	436,811	400,097
Planning and development	975,677	477,355	285,680
Recreation and culture	2,113,299	1,824,438	1,952,493
	<u>15,985,881</u>	<u>13,862,304</u>	<u>13,385,281</u>
Excess (deficiency) of revenues over expenses from operations	(1,559,558)	1,045,053	771,537
<b>Other:</b>			
Government transfers for capital (schedule 1)	-	811,361	1,464,139
Excess (deficiency) of revenues over expenses	(1,559,558)	1,856,414	2,235,676
Accumulated surplus, beginning of year	111,662,932	111,662,932	109,427,256
Accumulated surplus, end of year	<u>\$110,103,374</u>	<u>\$113,519,346</u>	<u>\$111,662,932</u>

See accompanying notes to financial statements.

# TOWN OF REDCLIFF

## Statement of Changes in Net Financial Assets

Year ended December 31, 2025, with comparative information for 2024

	Budget (note 21)	2025	2024
Excess (deficiency) of revenue over expenses	\$ (1,559,558)	\$ 1,856,414	\$ 2,235,676
Acquisition of tangible capital assets	-	(1,967,213)	(5,085,976)
Amortization of tangible capital assets	3,491,776	3,394,536	3,520,888
Loss (gain) on disposal of tangible capital assets	(50)	81,037	-
Proceeds on disposal of tangible capital assets	-	86,295	-
	3,491,726	1,594,655	(1,565,088)
Acquisition of prepaid expenses and deposits	-	(132,532)	(75,394)
Inventory held for consumption	-	(2,157)	20,617
Use of prepaid expenses and deposits	-	75,394	81,099
Change in net financial assets	1,932,168	3,391,774	696,910
Net financial assets, beginning of year	28,292,312	28,292,312	27,595,402
Net financial assets, end of year	\$ 30,224,480	\$ 31,684,086	\$ 28,292,312

See accompanying notes to financial statements.

# TOWN OF REDCLIFF

## Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Net inflow (outflow) of cash related to the following activities:		
Operating:		
Excess of revenues over expenses	\$ 1,856,414	\$ 2,235,676
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	3,394,536	3,520,888
Accretion of asset retirement obligation	52,720	9,369
Loss on disposal of tangible capital assets	81,037	-
	<u>5,384,707</u>	<u>5,765,933</u>
Changes in non-cash assets and liabilities:		
Trade and other receivables	506,348	(578,102)
Taxes and grants in place of taxes receivable	89,230	46,373
Loans receivable	102,580	99,656
Land held for resale	33,519	-
Accounts payable and accrued liabilities	(1,307,481)	387,378
Employee benefit obligation	(580)	(29,551)
Deferred revenue	1,234,303	399,283
Inventory held for consumption	(2,157)	20,617
Prepaid expenses and deposits	(57,138)	5,705
	<u>5,983,331</u>	<u>6,117,292</u>
Capital:		
Acquisition of tangible capital assets	(1,967,213)	(5,085,976)
Proceeds on disposal of tangible capital assets	86,295	-
	<u>(1,880,918)</u>	<u>(5,085,976)</u>
Investing:		
Loans receivable	506,348	(578,102)
Net changes in investments	(944,209)	(826,413)
Financing:		
Repayment of long-term debt	(364,298)	(393,801)
Increase (decrease) in cash and short-term investments	<u>3,300,254</u>	<u>(767,000)</u>
Cash and cash equivalents, beginning of year	4,983,915	5,172,813
Cash and cash equivalents, end of year	<u>\$ 8,284,169</u>	<u>\$ 4,405,813</u>

See accompanying notes to financial statements.

# TOWN OF REDCLIFF

Notes to Financial Statements

Year ended December 31, 2025

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## 1. Significant accounting policies:

The financial statements of the Town of Redcliff (the "Town") are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

### (a) Reporting entity:

The financial statements reflect the assets, liabilities, revenue and expenses, changes in accumulated surplus and change in financial position of the reporting entity. This entity is comprised of the municipal operations controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

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

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

### (b) Basis of accounting:

The 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.

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 1. Significant accounting policies (continued):

### (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 as at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Significant areas requiring the use of management's estimates include the carrying amount of provisions for impairment of taxes and trade and other receivables, provision for impairment in valuation of investments, recognition of deferred revenues, asset retirement obligations and the carrying amount of tangible capital assets. Actual results could differ from those estimates.

### (d) Investments:

Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized 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. As all investments are recorded at amortized cost. There are no other than temporary significant fair value adjustments which are not recognized through the Statement of Operations and as such, no Statement of Remeasurement Gains and Losses is presented.

### (e) Revenue recognition:

All revenues are recorded on an accrual basis of accounting. Cash received for which goods and services have not been provided by year end is recognized as deferred revenue.

Revenue from transactions with performance obligations are 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 over time are recognized over the period of the license or permit as the performance obligation is satisfied.

### (f) Debt charges recoverable:

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 1. Significant accounting policies (continued):

### (g) 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.

### (h) 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 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.

### (i) Asset retirement obligations:

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital asset. Asset retirement activities include all activities relating to an asset retirement obligation. 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.

A liability for an asset retirement obligation is recognized when, as at the financial reporting date:

- (a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 1. Significant accounting policies (continued):

(j) Contaminated sites liability:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive 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.

(k) 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 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:

Assets	Years
Land improvements	10-40
Buildings	25-50
Engineered structures	
Roads	10-40
Water systems	20-100
Wastewater systems	20-100
Machinery and equipment	5-20
Vehicles	10-25

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

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 1. Significant accounting policies (continued):

### (k) Non-financial assets (continued):

#### ii. Contribution 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 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.

#### iv. Inventories for consumption

Inventories of materials and supplies for consumption are valued at the lower of cost or net realizable value with cost determined by the average cost method.

### (l) Pension expenses:

The Town participates in a multi-employer defined benefit plan. This plan is accounted for as a defined contribution plan whereby contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

### (m) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months from the date of acquisition.

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 2. Future accounting pronouncements:

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board (PSAB). The accounting pronouncements below are effective for fiscal year 2027. The Town will continue to assess the impact and prepare for the adoption of these standards.

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

Effective for fiscal years beginning on or after April 1, 2026, the revised conceptual framework will replace the existing conceptual framework which consists of Section PS 1000, *Financial Statement Concepts* and Section PS 1100, *Financial Statement Objectives*. The conceptual framework highlights considerations fundamental for the consistent application of accounting uses in the absence of specific standards. Earlier adoption is permitted.

(b) PS 1202 - Financial Statement Presentation:

Effective for fiscal years beginning on or after April 1, 2026, the new reporting model outlines general and specific requirements for the presentation of information in general purpose financial statements. Earlier adoption is permitted only if the Conceptual Framework for Financial Reporting in the Public Sector is also adopted at the same time.

(c) PS3251 - Employee Benefits:

Effective for fiscal years beginning on or after April 1, 2029, the new standard replaces the existing employee benefits guidance in Sections PS 3250 and PS3255.

## 3. Cash and cash equivalents:

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	2025	2024
Cash	\$ 7,777,821	\$ 4,983,915

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Cash and cash equivalents include cash on hand and highly liquid short-term investments which are redeemable at management's discretion.

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

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#### 4. Trade and other receivables:

	2025	2024
Utilities receivable	\$ 792,704	\$ 792,024
Due from Redcliff Cypress Waste Management Authority	216,986	240,380
Goods and services tax recoverable	95,595	179,515
Trade and other accounts receivable	85,818	484,681
	1,191,103	1,696,600
Less: Allowance for doubtful accounts	(49,623)	(48,772)
	\$ 1,141,480	\$ 1,647,828

#### 5. Taxes and grants in place of taxes receivable:

	2025	2024
Current taxes and grants in place of taxes	\$ 543,110	\$ 272,017
Local improvement taxes receivable	728,812	913,011
Arrears taxes	207,473	383,597
	\$ 1,479,395	\$ 1,568,625

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 6. Loans receivable:

	2025	2024
Redcliff Cypress Regional Waste Management Authority:		
- Capital	\$ 383,319	\$ 485,899
- Operating	32,826	32,826
	\$ 416,145	\$ 518,725

The Redcliff Cypress Regional Waste Management Authority (the "Authority") – capital loan receivable was provided to the Authority to assist in the funding of its facility upgrades. The Town provides administrative services and operates the Authority with Cypress County through a joint agreement. The loan is unsecured, has regular scheduled payments and bears interest at 2.91%.

The Redcliff Cypress Regional Waste Management Authority – operating loan receivable was provided to the Authority to assist in funding its operations. The loan is unsecured, due on demand and bears interest at 2.55%.

## 7. Investments:

	2025		2024	
	Cost	Market value	Cost	Market value
Short term notes and deposits	\$ 6,741,864	\$ 6,757,882	\$ 3,260,323	\$ 3,027,119
Canadian Bank Paper, Corporate Bonds, and Principal Protected Notes	22,776,370	22,774,509	25,313,702	24,811,949
	\$ 29,518,234	\$ 29,532,391	\$ 28,574,025	\$ 27,839,068

Short term notes and deposits have effective interest rates ranging from 1.85% to 9.60% (2024 - 2.09% to 8.00%) and mature in less than one year.

Canadian Bank Paper, Corporate Bonds, and Principal Protected Notes have effective interest rates ranging from 1.67% to 5.33% (2024 - 1.67% to 5.33%) with maturity dates from January 2027 to October 2035 (2024 - March 2026 to October 2034).

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 8. Inventory for consumption:

	2025	2024
General	\$ 39,973	\$ 36,627
Water supplies	244,329	245,518
	<u>\$ 284,302</u>	<u>\$ 282,145</u>

## 9. Tangible capital assets:

	2025	2024
Net book value:		
Construction in progress	\$ 5,405,164	\$ 4,470,878
Land	5,781,758	5,781,758
Land improvements	2,998,839	3,225,192
Buildings	20,947,902	21,606,298
Engineered structures	42,855,579	44,791,892
Machinery and equipment	2,098,540	2,269,284
Vehicles	1,330,644	867,779
	<u>\$ 81,418,426</u>	<u>\$ 83,013,081</u>

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 10. Deferred revenue:

The deferred revenue reported on the statement of financial position is made of the following:

	2025	2024
Provincial government transfers:		
Municipal Sustainability Initiative (MSI) - Capital	\$ 291,422	\$ 317,199
Local Government Fiscal Framework (LGFF) - Capital	972,599	-
Canada Community - Building Fund (CCBF)	466,105	744,095
Alberta Community Policing Grant	-	30,000
Community Facility Enhancement Program	582,975	-
Municipal Policing Assistance Grant	86,176	86,176
Fire Service Collaboration Study	25,769	25,769
	<u>2,425,046</u>	<u>1,203,239</u>
Other deferred revenue:		
Prepaid property taxes	168,544	181,173
Other	25,125	-
	<u>\$ 2,618,715</u>	<u>\$ 1,384,412</u>

Continuity of deferred revenue is as follows:

	2025	2025
Deferred revenue, beginning of year	\$ 1,384,412	\$ 985,129
Amounts received in the year:		
Operating	592,290	604,530
Capital	2,063,168	1,839,272
Other	193,669	181,489
	<u>2,849,127</u>	<u>2,625,291</u>
Amounts recognized in revenue during the year:		
Operating	(592,290)	(604,530)
Capital	(811,361)	(1,464,139)
Other	(181,173)	(157,339)
	<u>(1,584,824)</u>	<u>(2,226,008)</u>
Repayment of unexpended funds:		
Alberta Community Policing Grant	(30,000)	-
Deferred revenue balance, end of year	<u>\$ 2,618,715</u>	<u>\$ 1,384,412</u>

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 11. Long-term debt:

	2025	2024
Tax supported debentures - capital	\$ 3,472,811	\$ 3,837,109

Principal and interest repayments are as follows:

	Principal	Interest	Total
2026	\$ 362,111	\$ 105,735	\$ 467,846
2027	359,058	92,652	451,710
2028	336,810	80,305	417,115
2029	324,681	68,819	393,500
2030	323,009	58,078	381,087
Thereafter	1,767,142	240,331	2,007,473
	\$ 3,472,811	\$ 645,920	\$ 4,118,731

The debenture debt consists of various debentures repayable to the Province of Alberta that bear interest at rates ranging from 2.78% to 5.00% per annum (2024 – 2.78% to 5.00%), before provincial subsidy, and mature at various dates from 2026 through to 2040. The average annual interest rate is 4.40% (2024 - 4.49%). Debenture debt is issued on the credit and security of Town of Redcliff at large.

Interest on long-term debt amounted to \$118,931 (2024 - \$133,455) which is equal to the cash payments and amounts accrued for interest on these debentures.

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 12. 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:

	2025	2024
Total debt limit	\$ 22,361,036	\$ 21,235,227
Total long-term debt	(3,472,811)	(3,837,109)
Debt limit unused	18,888,225	17,398,118
Debt servicing limit	3,726,839	3,539,205
Debt servicing	(467,846)	(527,257)
Amount of debt servicing unused	\$ 3,258,993	\$ 3,011,948

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service 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 financial statements must be interpreted as a whole.

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 13. Accumulated surplus:

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

	2025	2024
Reserves:		
Operating reserves:		
Operating contingency	\$ 412,915	\$ 274,992
Tax stabilization	687,505	494,032
Legal and labour	161,176	151,780
Silent auction	-	5,094
Community celebration	-	97,055
Community initiative	-	156,071
Volunteer appreciation reserve	-	6,512
	1,261,596	1,185,536
Restricted surplus:		
Capital	4,865,436	4,617,630
Road maintenance	237,341	66,442
Storm system	144,450	130,510
Water system	10,806,371	9,289,250
Sanitary system	2,078,805	1,792,334
Garbage machine and equipment	1,350,671	1,528,847
Municipal reserve	35,397	34,432
Land development	1,405,148	1,443,943
Infrastructure capacity fee	24,696	24,023
Post construction engineering	-	154,427
	20,948,315	19,081,838
	22,209,911	20,267,374
Unrestricted surplus	15,299,448	14,102,494
	37,509,359	34,369,868
Equity in tangible capital assets	76,009,987	77,293,064
	\$113,519,346	\$111,662,932

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 13. Accumulated surplus (continued):

	2025	2024
Equity in tangible capital assets:		
Tangible capital assets (schedule 6)	\$156,918,356	\$155,490,319
Accumulated amortization (schedule 6)	(75,499,930)	(72,477,238)
Loans related to capital assets (note 11)	(3,472,811)	(3,837,109)
Asset retirement obligation (note 14)	(1,935,628)	(1,882,908)
	<u>\$ 76,009,987</u>	<u>\$ 77,293,064</u>

## 14. Asset retirement obligations:

	2025	2024
Asset retirement obligations, beginning of year	\$ 1,882,908	\$ 1,873,539
Accretion expense	52,720	55,176
Remeasurement	-	(45,807)
	<u>\$ 1,935,628</u>	<u>\$ 1,882,908</u>

Tangible capital assets with associated retirement obligations include buildings, machinery and equipment. The Town has asset retirement obligations to remove hazardous asbestos fiber containing materials from various buildings under its control. Regulations require the Town to handle and dispose of the asbestos in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although timing of the asbestos removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the Town to remove the asbestos when asset retirement activities occur.

Asset retirement obligations are initially measured as of the date the legal obligation was incurred, based on management's best estimate of the amount required to retire tangible capital assets and subsequently remeasured taking into account any new information and the appropriateness of assumptions used. The estimate of the liability is based on a quote from a third-party who completed a survey and supplemental sampling at all Town buildings.

Asset retirement obligations are expected to be settled over the next 5 to 24 years.

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 15. 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 financial statements as disclosed in note 1.

Refer to the Schedule of Segmented Disclosure (schedule 2).

Segmented information has been identified based upon lines of service provided by the Town. Town services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segments information, along with the services they provide, are as follows:

(a) General Government:

The mandate of General Government includes all taxation, Council and administrative functional activities.

(b) Protective Services:

The mandate of Protective Services is to provide for the rescue and protection of people and property within the Town through effective and efficient management and coordination of emergency service systems and resources.

(c) Transportation Services:

Transportation Services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, streets, walks and lighting.

(d) Environmental Services:

The Environmental Services department is responsible for water supply and distribution services within the Town, as well as wastewater treatment and disposal activities and waste management functions.

(e) Planning and Development

Planning and Development is responsible for the administration of residential, commercial, industrial and agricultural development services within the Town.

(f) Public Health and Welfare:

Public Health and Welfare is responsible for programs that support individuals, families and communities. Programs and services are delivered through Family and Community Support Services.

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 15. Segmented disclosure (continued):

(g) Recreation and Culture:

Recreation and Culture is responsible for the operation and maintenance of parks and other recreational and cultural properties within the Town, as well as support for cultural initiatives.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and the amounts that are allocated on a reasonable basis. The accounting policies in these segments are consistent with those adopted by the Town as a whole.

## 16. Salary and 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:

	Salaries (1)	Benefits and Allowances (2)	Total 2025	Total 2024
Mayor Kilpatrick (3)	\$ 26,488	\$ 4,232	\$ 30,720	\$ 33,508
Mayor Czember (3)	18,011	4,427	22,438	17,788
Councillor Allen	12,969	2,266	15,235	19,837
Councillor Crozier	12,969	2,266	15,235	16,588
Councillor Leipert	15,760	2,266	18,026	15,300
Councillor Steinke	12,969	2,266	15,235	16,447
Councillor St. Pierre	15,760	4,567	20,327	19,837
Councillor Bakker	3,214	656	3,870	-
Councillor Burns	3,214	253	3,467	-
Councillor Solberg	3,214	249	3,463	-
	124,568	23,448	148,016	139,305
Town Manager	148,565	32,168	180,733	170,180
Designated Officers (4 positions; 2024 - 4 positions)	\$ 447,693	\$ 89,046	\$ 536,739	\$ 467,863

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 16. Salary and benefits disclosure (continued):

1) Salary includes regular base pay. For Councilors, salary includes a monthly allowance to attend special events and per diem reimbursements for authorized meetings attended.

2) For non-elected officials, employers 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 and long, short-term plans as well as travel allowances.

3) Following the municipal election held in October 2025, Chris Czember was elected Mayor, and Dwight Kilpatrick was elected as a Councillor. Accordingly, the salary and benefits disclosed reflect these changes in positions.

## 17. Local Authorities Pension Plan:

The Town participates in a multi-employer defined pension plan. The plan is accounted for as a defined contribution 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. LAPP serves about 316,938 people and about 453 employers. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due. The Town is required to make current service contributions to the LAPP of 8.45% (2024 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (2024 - 11.65%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% (2024 - 7.45%) of pensionable salary up to the year's maximum pensionable salary and 10.65% (2024 - 10.65%) on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2025 were \$275,400 (2024 - \$243,448). Total current service contributions by the employees of the Town to the LAPP in 2025 were \$244,162 (2024 - \$215,911).

LAPP reported a surplus of \$19.6 billion in 2024 (2023 - \$15.1 billion in surplus).

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 18. Contingent liabilities:

- (a) 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.
- (b) Various legal claims have been made against the Town as at December 31, 2025. If proven, it is possible that these claims may have an adverse effect on the financial position of the Town. The Town believes that these claims are without substantial merit and as such, the Town is disputing the claims. As the outcomes are not determinable at this time, no amount has been accrued in the financial statements.

## 19. Financial instruments:

The Town as part of its operations carries a number of financial instruments, such as cash and cash equivalents, trade receivable, investments, 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 except as otherwise disclosed.

### i. Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Town manages exposure through its normal operating and financing activities. There has been no change to the risk exposure from 2024.

### ii. Credit concentration:

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 fair value of these financial instruments approximates their carrying values. There has been no change to the risk exposure from 2024.

### iii. Liquidity risk:

Liquidity risk is the risk that the Town will not be able to meet its financial obligations as they become due. The Town manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. There has been no change to the risk exposure from 2024.

# TOWN OF REDCLIFF

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 20. Contractual Rights:

Contractual rights are rights of the Town to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met. The Town has entered into agreements to lease lands and properties to the third parties. Those contracts or agreements can be terminated or renewed before or at the time of their expiration. The anticipated amounts will be received or receivable for each of the next three years are as follows:

	Surface Leases	Utility Right of Way	Grazing Leases	Storage & Land Leases	Tower Site	Access & License	Total
2026	\$ 14,755	\$ 1,743	\$ 682	\$ 307	\$ 28,800	\$ 581	\$ 46,868
2027	6,672	-	-	-	13,800	-	20,472
2028	4,683	-	-	-	13,800	-	18,483
	<u>\$ 26,110</u>	<u>\$ 1,743</u>	<u>\$ 682</u>	<u>\$ 307</u>	<u>\$ 56,400</u>	<u>\$ 581</u>	<u>\$ 85,823</u>

## 21. Budget:

The budgeted information presented in these financial statements is based upon the 2025 operating and capital budgets approved on December 9, 2024.

## 22. Contractual obligations:

During the year, the Town entered into a contract with a consulting firm that spans from August 2025 to July 2030. The extent of the future costs associated with the contract depend on the timing and extent of work performed. Estimated costs of the contract incurred by the Town are approximately \$85,000 to \$95,000 annually.

## 23. Approval of financial statements:

Council and Management approved these financial statements.

# TOWN OF REDCLIFF

## Schedule 1 - Schedule of Government Transfers

Year ended December 31, 2025, with comparative information for 2024

	Budget (note 21)	2025	2024
Transfers for operating:			
Federal government	\$ 1,000	\$ -	\$ -
Provincial government	627,942	592,290	592,290
Other local government	12,740	-	12,240
	641,682	592,290	604,530
Transfers for capital:			
Provincial government	-	811,361	1,464,139
<b>Total government transfers</b>	<b>\$ 641,682</b>	<b>\$ 1,403,651</b>	<b>\$ 2,068,669</b>

# TOWN OF REDCLIFF

## Schedule 2 - Schedule of Segmented Disclosures

Year ended December 31, 2025, with comparative information for 2024

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Public Health and Welfare	Total 2025	Total 2024
<b>Revenue:</b>									
Net municipal taxes	\$ 6,591,732	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,591,732	\$ 6,571,307
User fees and sale of goods	101,631	68,722	29,924	252,346	368,870	5,312,778	102,520	6,236,791	5,671,569
Penalties, fees and permits	101,577	-	-	-	-	46,723	-	148,300	117,736
Investment income	1,104,643	-	-	-	-	-	-	1,104,643	1,004,240
Other	402	12,252	-	-	7,950	8,929	1,200	30,733	3,004
Rentals	-	156,000	-	46,868	-	-	-	202,868	184,432
Government transfers	909,927	344,648	-	-	-	-	149,076	1,403,651	2,068,669
	8,809,912	581,622	29,924	299,214	376,820	5,368,430	252,796	15,718,718	15,620,957
<b>Expenses:</b>									
Salaries, wages and benefits	661,436	355,535	618,176	382,063	869,483	1,171,950	235,072	4,293,715	3,834,657
Contract and general services	780,399	108,487	379,482	81,410	127,477	219,050	69,656	1,765,961	1,850,548
Goods and supplies	137,338	1,491,852	199,291	5,930	253,000	1,631,214	53,110	3,771,735	3,665,931
Transfers to local boards	11,108	-	-	-	267,032	-	77,765	355,905	359,543
Long-term debt interest	15	19,877	31,430	-	-	67,609	-	118,931	133,455
Other expenses	106,289	-	-	-	-	2,512	-	108,801	10,890
Amortization of tangible capital assets	941,835	84,566	1,655,537	7,952	307,446	395,992	1,208	3,394,536	3,520,888
Accretion expense	52,720	-	-	-	-	-	-	52,720	9,369
	2,691,140	2,060,317	2,883,916	477,355	1,824,438	3,488,327	436,811	13,862,304	13,385,281
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 6,118,772</b>	<b>\$(1,478,695)</b>	<b>\$(2,853,992)</b>	<b>\$(178,141)</b>	<b>\$(1,447,618)</b>	<b>\$ 1,880,103</b>	<b>\$(184,015)</b>	<b>\$ 1,856,414</b>	<b>\$ 2,235,676</b>

# TOWN OF REDCLIFF

## Schedule 3 - Schedule of Changes in Accumulated Surplus

Year ended December 31, 2025, with comparative information for 2024

	Unrestricted Surplus	Restricted surplus	Equity in tangible capital assets	2025	2024
Balance, beginning of year	\$ 14,102,494	\$ 20,267,374	\$ 77,293,064	\$ 111,662,932	\$ 109,427,256
Excess of revenue over expenses	1,856,414	-	-	1,856,414	2,235,676
Unrestricted funds designated for future use	(1,942,537)	1,942,537	-	-	-
Current year funds used for tangible capital assets	(1,967,213)	-	1,967,213	-	-
Disposal of tangible capital assets	167,332	-	(167,332)	-	-
Annual amortization expense	3,394,536	-	(3,394,536)	-	-
Accretion expense	52,720	-	(52,720)	-	-
Long-term debt repayment	(364,298)	-	364,298	-	-
Change in accumulated surplus	1,196,954	1,942,537	(1,283,077)	1,856,414	2,235,676
Balance, end of year	\$ 15,299,448	\$ 22,209,911	\$ 76,009,987	\$ 113,519,346	\$ 111,662,932

# TOWN OF REDCLIFF

## Schedule 4 - Schedule of Net Municipal Taxes

Year ended December 31, 2025, with comparative information for 2024

	Budget (note 21)	2025	2024
Taxation:			
Gross tax levied	\$ 9,586,616	\$ 9,293,516	\$ 9,013,861
Requisitions:			
Alberta School Foundation Fund	2,455,248	2,455,703	2,195,974
Cypress View Senior Foundation	98,976	98,976	101,126
Designated Industrial Properties	148,015	147,105	145,454
	2,702,239	2,701,784	2,442,554
Net municipal taxes	\$ 6,884,377	\$ 6,591,732	\$ 6,571,307

# TOWN OF REDCLIFF

## Schedule 5 - Schedule of Expenses by Object

Year ended December 31, 2025, with comparative information for 2024

	Budget (note 21)	2025	2024
Expense by object:			
Salaries, wages and benefits	\$ 4,659,173	\$ 4,293,715	\$ 3,834,657
Contracted and general services	2,969,534	1,765,961	1,850,548
Goods and supplies	4,315,024	3,771,735	3,665,931
Transfers to local boards	358,189	355,905	359,543
Long-term debt interest	119,315	118,931	133,455
Other expenses	21,260	108,801	10,890
Amortization of tangible capital assets	3,492,376	3,394,536	3,520,888
Accretion expense	51,010	52,720	9,369
	<u>\$ 15,985,881</u>	<u>\$ 13,862,304</u>	<u>\$ 13,385,281</u>

# TOWN OF REDCLIFF

## Schedule 6 - Schedule of Tangible Capital Assets

Year ended December 31, 2025, with comparative information for 2024

	Construction in progress	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	2025	2024
Cost:									
Balance, beginning of year	\$ 4,470,878	\$ 5,781,758	\$ 4,972,275	\$ 30,048,988	\$ 100,260,425	\$ 6,484,200	\$ 3,471,795	\$ 155,490,319	\$ 150,447,069
Acquisition of tangible capital assets	1,967,213	-	-	-	-	-	-	1,967,213	5,085,976
Transfer of tangible capital assets	(1,032,927)	-	6,631	-	46,524	324,630	655,142	-	-
Disposal of tangible capital assets	-	-	-	-	-	(471,046)	(68,130)	(539,176)	(42,726)
Balance, end of year	5,405,164	5,781,758	4,978,906	30,048,988	100,306,949	6,337,784	4,058,807	156,918,356	155,490,319
Accumulated amortization:									
Balance, beginning of year	-	-	1,747,083	8,442,690	55,468,533	4,214,916	2,604,016	72,477,238	68,999,076
Annual amortization	-	-	232,984	658,396	1,982,837	328,042	192,277	3,394,536	3,520,888
Accumulated amortization on disposals	-	-	-	-	-	(303,714)	(68,130)	(371,844)	(42,726)
Balance, end of year	-	-	1,980,067	9,101,086	57,451,370	4,239,244	2,728,163	75,499,930	72,477,238
Net book value of tangible capital assets	5,405,164	5,781,758	2,998,839	20,947,902	42,855,579	2,098,540	1,330,644	81,418,426	83,013,081
2024 Net book value of tangible capital assets	\$ 4,470,878	\$ 5,781,758	\$ 3,225,192	\$ 21,606,298	\$ 44,791,894	\$ 2,269,282	\$ 867,779	\$ 83,013,081	