

COUNTY OF ST PAUL NO. 19
Consolidated Financial Statements
Year Ended December 31, 2025

COUNTY OF ST. PAUL NO. 19
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Year Ended December 31, 2025

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the County of St. Paul No. 19 (the Municipality) is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Municipality's financial position as at December 31, 2025, and the results of its operations for the year then ended.

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

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

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

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

The Municipality's Council is responsible for review of the consolidated financial statements. Council meets regularly with management and annually with the external auditors to discuss the results of audit examinations and financial reporting matters.

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

The consolidated financial statements have been audited by Synergy Chartered Professional Accountants, independent external auditors appointed by Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Mr. Jason Wallsmith, CPA, CMA Chief
Administrative Officer

St. Paul, Alberta
April 14, 2026



Mrs. Laura Pruneau
Finance Officer

St. Paul, Alberta
April 14, 2026



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INDEPENDENT AUDITOR'S REPORT

To the Members of County of St. Paul No. 19

Opinion

We have audited the consolidated financial statements of County of St. Paul No. 19 (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality 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 (PSAS).

Basis for Opinion

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

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

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

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

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

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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 Municipality'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 Municipality'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 Municipality 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.

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Financial Position
December 31, 2025

	2025	2024
ASSETS		
Cash and cash equivalents (Note 2)	\$ 21,821,147	\$ 19,002,212
Taxes and grants in place of taxes receivable (Note 3)	742,279	793,628
Receivable from other governments	321,723	603,771
Trade and other receivables	854,887	1,199,278
Debt charges recoverable (Note 4)	613,389	685,671
Notes receivable (Note 5)	27,000	34,600
Inventory of land held for resale	33,364	33,364
	24,413,789	22,352,524
LIABILITIES		
Accounts payable and accrued liabilities	2,409,959	2,176,294
Employee benefit obligations (Note 6)	125,488	91,206
Deferred revenue (Note 7)	322,667	456,825
Deposit liabilities (Note 8)	21,348	21,348
Provision for gravel pit reclamation (Note 9)	956,419	1,268,790
Asset retirement obligations (Note 10)	447,914	423,830
Long term debt (Note 11)	4,714,990	5,517,204
	8,998,785	9,955,497
NET FINANCIAL ASSETS	15,415,004	12,397,027
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	114,677,860	114,753,508
Inventory for consumption (Note 12)	6,729,760	6,413,747
Prepaid expenses	486,258	494,065
	121,893,878	121,661,320
ACCUMULATED SURPLUS (Note 13)(Schedule 2)	\$ 137,308,882	\$ 134,058,347

COMMITMENTS (Note 14)

CONTINGENT LIABILITY (Note 15)

ON BEHALF OF COUNCIL



Reeve



Councillor

COUNTY OF ST. PAUL NO. 19

Consolidated Statement of Operations and Accumulated Surplus

Year Ended December 31, 2025

	Budget <i>(Unaudited)</i>	2025	2024
REVENUE			
Net municipal taxes <i>(Schedule 3)</i>	\$ 24,942,695	\$ 24,907,431	\$ 23,052,227
User fees and sales of goods	2,344,261	3,091,030	3,447,897
Government transfers for operating <i>(Schedule 4)</i>	553,077	806,854	570,561
Investment income	862,414	704,019	1,018,090
Penalties and costs of taxes	119,430	183,443	168,381
Licenses and permits	52,000	159,801	162,640
Rentals and leases	104,843	105,611	121,125
Other	416,332	413,427	318,529
	29,395,052	30,371,616	28,859,450
EXPENSES			
Legislative	529,423	446,362	480,551
Administration	4,081,205	3,854,745	3,517,089
Bylaws enforcement	1,972,462	1,931,644	2,090,740
Roads, streets, walks, lighting	18,064,249	17,549,888	16,019,383
Water supply and distribution	921,367	900,196	805,015
Wastewater treatment and disposal	343,124	324,151	319,413
Waste management	1,495,143	1,448,144	1,327,042
Family and community support	83,124	83,986	83,941
Agriculture services	842,548	806,856	901,484
Subdivision land development	206,390	175,674	285,570
Economic Development	273,000	338,019	265,391
Parks and recreation	1,804,163	1,741,345	1,594,902
Library	233,452	205,227	234,647
	30,849,650	29,806,237	27,925,168
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE TRANSFERS FOR CAPITAL			
	(1,454,598)	565,379	934,282
OTHER INCOME			
Contributed assets	-	-	257,600
Government transfers for capital <i>(Schedule 5)</i>	2,339,200	2,685,156	2,536,220
	2,339,200	2,685,156	2,793,820
EXCESS OF REVENUE OVER EXPENSES			
	884,602	3,250,535	3,728,102
ACCUMULATED SURPLUS - BEGINNING OF YEAR			
	134,058,347	134,058,347	130,330,245
ACCUMULATED SURPLUS - END OF YEAR			
	\$ 134,942,949	\$ 137,308,882	\$ 134,058,347

See notes to financial statements

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2025

	Budget <i>(Unaudited)</i>	2025	2024
EXCESS OF REVENUE OVER EXPENSES	\$ 884,602	\$ 3,250,535	\$ 3,728,102
Acquisition of tangible capital assets	(6,978,770)	(6,942,124)	(7,056,783)
Contributed tangible capital assets	-	-	(257,600)
Proceeds on disposal of tangible capital assets	-	409,149	735,260
Loss on disposal of tangible capital assets	95,500	449,660	208,544
Amortization of tangible capital assets	5,835,091	5,880,323	5,757,081
Amortization added to tangible capital assets	441,030	278,639	313,662
Construction in progress writedown from prior year	-	-	19,724
	(607,149)	75,644	(280,112)
Use in prepaid expenses	-	7,809	85,098
Acquisition in inventory for consumption	-	(316,014)	(2,510,771)
	-	(308,205)	(2,425,673)
	(607,149)	(232,558)	(2,705,785)
INCREASE IN NET FINANCIAL ASSETS	277,453	3,017,977	1,022,317
NET FINANCIAL ASSETS - BEGINNING OF YEAR	12,397,027	12,397,027	11,374,710
NET FINANCIAL ASSETS - END OF YEAR	\$ 12,674,480	\$ 15,415,004	\$ 12,397,027

See notes to financial statements

COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Cash Flows
Year Ended December 31, 2025

	2025	2024
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	\$ 3,250,535	\$ 3,728,102
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	5,880,323	5,757,081
Amortization added to tangible capital assets	278,639	313,661
Loss on disposal of tangible capital assets	449,660	208,544
Contributed tangible capital assets	-	(257,600)
	9,859,157	9,749,788
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes receivable	51,349	(67,696)
Decrease (increase) in receivable from other governments	282,048	(56,099)
Decrease (increase) in trade and other receivables	344,391	845,060
Increase (decrease) in accounts payable and accrued liabilities	233,666	(130,631)
Increase (decrease) in employee benefit obligations	34,282	9,009
Increase (decrease) in deferred revenue	(134,158)	57,743
Increase (decrease) in deposit liabilities	-	(20,991)
Increase (decrease) in gravel reclamation liability	(312,371)	797,735
Increase (decrease) in asset retirement obligation	24,084	14,179
Decrease (increase) in inventory for consumption	(316,013)	(2,510,772)
Decrease (increase) in prepaid expenses	7,807	85,098
	215,085	(977,365)
Cash provided by operating transactions	10,074,242	8,772,423
CAPITAL		
Acquisition of tangible capital assets	(6,942,124)	(7,056,783)
Proceeds on disposal of tangible capital assets	409,149	735,260
Construction in progress writedown from prior year	-	19,726
Cash applied to capital transactions	(6,532,975)	(6,301,797)
FINANCING		
Repayment of long term debt	(802,214)	(774,277)
Debt charges recoverable	72,282	68,962
Notes receivable	7,600	19,072
Cash applied to financing transactions	(722,332)	(686,243)
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	134,157	(36,752)
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	2,953,092	1,747,631
Cash and cash equivalents - beginning of year	18,524,039	16,776,408
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 21,477,131	\$ 18,524,039

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COUNTY OF ST. PAUL NO. 19
Consolidated Statement of Cash Flows *(continued)*
Year Ended December 31, 2025

	2025	2024
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CASH FLOWS SUPPLEMENTARY INFORMATION

Interest received	\$ 703,177	\$ 1,016,730
Interest paid	\$ 194,058	\$ 224,921

CASH CONSISTS OF:

Cash and cash equivalents <i>(Note 2)</i>	\$ 21,821,147	\$ 19,002,212
Less restricted portion of cash and cash equivalents <i>(Note 2)</i>	(344,016)	(478,173)
	\$ 21,477,131	\$ 18,524,039

COUNTY OF ST. PAUL NO. 19
Consolidated Schedule of Tangible Capital Assets
Year Ended December 31, 2025

(Schedule 1)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2025	2024
COST								
BALANCE, BEGINNING OF YEAR	\$ 8,998,061	\$ 878,081	\$ 9,516,566	\$ 158,184,937	\$ 29,821,343	\$ 11,423,582	\$ 218,822,570	\$ 213,174,277
Acquisition of tangible capital assets	-	-	290,778	2,659,916	1,583,155	2,408,276	6,942,125	4,723,097
Contributed tangible capital assets	-	-	-	-	-	-	-	257,600
Construction-in-progress additions	-	-	-	-	-	-	-	2,333,686
Disposal of tangible capital assets	-	-	(327,088)	(399,826)	(298,084)	(1,386,109)	(2,411,107)	(1,646,364)
Construction in progress writedown from prior year	-	-	-	(5,702)	-	-	(5,702)	(19,726)
BALANCE, END OF YEAR	\$ 8,998,061	\$ 878,081	\$ 9,480,256	\$ 160,439,325	\$ 31,106,414	\$ 12,445,749	\$ 223,347,886	\$ 218,822,570
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	\$ -	\$ 482,660	\$ 2,818,127	\$ 79,386,153	\$ 15,192,779	\$ 6,189,343	\$ 104,069,062	\$ 98,700,880
Annual amortization	-	40,924	214,444	3,741,610	1,619,753	542,232	6,158,963	6,070,742
Accumulated amortization on disposals	-	-	(25,156)	(342,933)	(247,909)	(942,001)	(1,557,999)	(702,560)
BALANCE, END OF YEAR	\$ -	\$ 523,584	\$ 3,007,415	\$ 82,784,830	\$ 16,564,623	\$ 5,789,574	\$ 108,670,026	\$ 104,069,062
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 8,998,061	\$ 354,497	\$ 6,472,841	\$ 77,654,495	\$ 14,541,791	\$ 6,656,175	\$ 114,677,860	\$ 114,753,508
2024 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 8,998,061	\$ 395,421	\$ 6,698,439	\$ 78,798,784	\$ 14,628,564	\$ 5,234,239	\$ 114,753,508	

See notes to financial statements

COUNTY OF ST. PAUL NO. 19

Condensed Schedule of Changes in Accumulated Operating Surplus

(Schedule 2)

Year Ended December 31, 2025

	Unrestricted Surplus	Internally Restricted Surplus	Equity in Tangible Capital Assets	2025	2024
BALANCE BEGINNING OF YEAR	\$ 6,997,918	\$ 17,562,284	\$ 109,498,145	\$ 134,058,347	\$ 130,330,245
Excess of revenue over expenses	3,250,535	-	-	3,250,535	3,728,102
Unrestricted funds designated for future use	(4,642,926)	4,642,926	-	-	-
Restricted funds used for operations	221,500	(221,500)	-	-	-
Restricted funds used for tangible capital assets	-	(1,801,091)	1,801,091	-	-
Current year funds used for tangible capital assets	(5,141,034)	-	5,141,034	-	-
Disposal of tangible capital assets	858,809	-	(858,809)	-	-
Annual amortization expense	6,158,963	-	(6,158,963)	-	-
Asset retirement obligation accretion expense	24,085	-	(24,085)	-	-
Long term debt related to tangible capital assets repaid	(729,932)	-	729,932	-	-
CHANGE IN ACCUMULATED SURPLUS	-	2,620,335	630,200	3,250,535	3,728,102
BALANCE END OF YEAR (Note 13)	\$ 6,997,918	\$ 20,182,619	\$ 110,128,345	\$ 137,308,882	\$ 134,058,347

See notes to financial statements

COUNTY OF ST. PAUL NO. 19

Consolidated Schedule of Property and Other Taxes

(Schedule 3)

Year Ended December 31, 2025

	Budget (Unaudited)	2025	2024
TAXATION			
Residential land and improvements	\$ 8,390,747	\$ 8,380,604	\$ 7,716,646
Farmland	1,430,228	1,430,338	1,374,326
Non-residential land and improvements	2,756,017	2,735,949	2,559,786
Machinery and equipment	7,885,638	7,875,062	7,381,585
Linear property	10,752,348	10,753,595	9,403,052
	31,214,978	31,175,548	28,435,395
REQUISITIONS			
Alberta School Foundation	4,846,711	4,842,545	4,390,587
M.D. of St. Paul Foundation	1,366,663	1,366,663	933,164
Designated Industrial Property	58,909	58,909	59,417
	6,272,283	6,268,117	5,383,168
NET MUNICIPAL TAXES	\$ 24,942,695	\$ 24,907,431	\$ 23,052,227

COUNTY OF ST. PAUL NO. 19

**Consolidated Schedule of Government Transfers for Operating
Year Ended December 31, 2025**

(Schedule 4)

	Budget <i>(Unaudited)</i>	2025	2024
TRANSFERS FOR OPERATING			
Provincial grants	\$ 403,568	\$ 656,428	\$ 547,760
Local government grants	149,509	150,426	22,801
	\$ 553,077	\$ 806,854	\$ 570,561

**Consolidated Schedule of Government Transfers for Capital
Year Ended December 31, 2025**

(Schedule 5)

	Budget <i>(Unaudited)</i>	2025	2024
TRANSFERS FOR CAPITAL			
Provincial grants	\$ 1,868,131	\$ 2,000,621	\$ 2,261,531
Federal grants	417,369	630,835	274,689
Local government grants	53,700	53,700	-
	\$ 2,339,200	\$ 2,685,156	\$ 2,536,220

**Consolidated Schedule of Expenses by Object
Year Ended December 31, 2025**

(Schedule 6)

	Budget <i>(Unaudited)</i>	2025	2024
EXPENSES			
Salaries, wages and benefits	\$ 9,527,084	\$ 9,576,344	\$ 9,508,024
Contract and general services	5,019,933	4,551,241	4,025,152
Materials, goods and utilities	7,159,596	6,415,119	5,530,765
Provision for allowances	59,972	144,094	79,087
Transfers to other governments	1,454,877	1,292,849	1,488,658
Transfers to local boards and agencies	1,310,603	1,285,730	1,095,775
Bank charges and short term interest	11,000	12,024	14,958
Interest on capital long term debt	150,116	142,851	167,714
Interest on operating long term debt	215,108	31,917	35,231
Amortization of tangible capital assets	5,835,091	5,880,323	5,757,081
Loss on sale of tangible capital assets	95,500	449,660	208,544
Accretion of asset retirement obligation	10,770	24,085	14,179
	\$ 30,849,650	\$ 29,806,237	\$ 27,925,168

COUNTY OF ST. PAUL NO. 19
Consolidated Schedule of Segmented Disclosures
Year Ended December 31, 2025

(Schedule 7)

	General Government	Protective Services	Transportation Services	Planning, Development & ASB	Recreation, Culture & Family	Environmental Services	2025
REVENUE							
Net municipal taxes	\$ 24,907,431	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,907,431
User fees and sales of goods	23,695	71,205	1,751,945	1,718	265,480	976,987	3,091,030
Government transfers	87,031	189,324	2,624,031	349,534	228,890	13,200	3,492,010
Investment income	704,019	-	-	-	-	-	704,019
Other revenues	279,813	35,731	250,695	296,043	-	-	862,282
	26,001,989	296,260	4,626,671	647,295	494,370	990,187	33,056,772
EXPENSES							
Salaries and wages	1,745,113	322,877	6,088,011	483,583	243,815	692,945	9,576,344
Contract and general services	2,048,218	267,729	772,458	557,163	280,567	625,106	4,551,241
Materials, goods and utilities	95,826	176,863	5,402,719	216,554	147,716	375,441	6,415,119
Transfers to local boards/other governments	133,862	870,482	37,539	-	1,261,312	275,384	2,578,579
Long-term debt interest	-	21,318	61,057	-	-	60,476	142,851
Other expenses	244,028	52,834	207,421	2,500	(1,198)	156,195	661,780
	4,267,047	1,712,103	12,569,205	1,259,800	1,932,212	2,185,547	23,925,914
NET REVENUE BEFORE AMORTIZATION	21,734,942	(1,415,843)	(7,942,534)	(612,505)	(1,437,842)	(1,195,360)	9,130,858
Amortization expense	34,062	219,540	4,980,683	60,748	98,346	486,944	5,880,323
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ 21,700,880	\$ (1,635,383)	\$ (12,923,217)	\$ (673,253)	\$ (1,536,188)	\$ (1,682,304)	\$ 3,250,535

See notes to financial statements

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The consolidated financial statements of the County of St. Paul No. 19 (the Municipality) 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 Municipality are as follows:

(b) 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 Municipality and are, therefore, accountable to 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.

(c) Revenue recognition

• Tax revenues

Tax revenues are recognized at the time tax notices are issued. Property tax revenue is based on market value of assessments determined in accordance with the Municipal Government Act. Tax rates are established annually. Assessments are subject to appeal and may change as a result of adjustments made by assessors to correct errors or omissions. Gains or losses on assessment changes or appeals are recorded as adjustments to tax revenue and tax receivables when a written decision is received from the authorized board, or a change is generated by authorized assessment staff.

Requisitions operate as a flow through and are excluded from municipal revenue. 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. This difference is reflected in property tax revenue. Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

• 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. The Municipality recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances the Municipality recognizes revenue as the liability is settled.

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COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

- Sales of goods and services

Sales of goods and services revenue is recognized in the period when the related expenses are incurred, services are performed or goods are acquired.

- Penalties, investment income, licenses and permits

Penalties and costs of taxes, investment income and licenses and permits revenue is recognized as it is earned, measurable and receivable.

- Other revenues

Other revenue sources, such as land rent, lease revenue, donations and other miscellaneous revenue is recognized as it is earned, measurable and receivable.

(d) Use of estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditures during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. The main estimates relate to:

- Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.
- The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets are areas where management makes significant estimates and assumptions in determining the amount to be recorded in the consolidated financial statements.
- Internally constructed tangible capital assets, mainly consisting of roads, are costed by using internal documents to determine the costs of the various components of the construction. Such documents include costing reports for projects, machines, timesheets etc.
- Gravel inventory is costed by a similar method using internal documents to determine the cost of crushing. As uncertainty inherently exists in the accurateness of these documents, actual results could differ from the accumulated costs.
- Gravel reclamation liabilities are based on estimates and assumptions using the information available at the end of the reporting period. Future events, such as changes to regulatory requirements, may result in significant changes to the estimated total liabilities and will be recognized prospectively, as a change in estimate, when applicable.
- Asset retirement obligations are based on estimates as noted below. As uncertainty inherently exists in the accurateness of this information, actual results could differ from the accumulated costs.

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.

(*continues*)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Valuation of financial assets and liabilities

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

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

(f) Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents include term deposits, if applicable, with an original maturity at date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value. There were no term deposits meeting this criteria in 2025.

(g) Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long term debt.

(h) 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.

- 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	15-25
Buildings	10-50
Engineered structures	
Roads	20-40
Bridges	24-129
Water system	30-75
Wastewater system	45-75
Machinery and equipment	2-15
Vehicles	10-25

One-half of the annual amortization is recorded in the year of acquisition, or in the year the asset is put into service or constructed. No amortization is calculated in the year of disposal.

(continues)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

- 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.
- 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.
- Inventories
Inventories of materials and supplies for consumption are valued at the lower of cost or net realizable value with the cost being determined by the average cost method. Gravel inventory is valued at the amount of royalty plus crushing costs.

(i) Inventory of land held for resale

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

(j) Impairment of long lived assets

The Municipality tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

(k) Asset retirement obligations

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

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

(continues)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(l) Budget figures

Budget figures are included for information purposes only and are not audited.

2. CASH AND CASH EQUIVALENTS

	2025	2024
Cash	\$ 21,821,147	\$ 19,002,212

The Municipality has an authorized revolving loan with a limit of \$7,000,000, bearing interest at prime plus 0.50% (2024 - prime plus 0.50%). The balance outstanding at December 31, 2025 was NIL (2024 - NIL).

Council has designated funds of \$20,182,619 (2024 - \$17,562,284) included in the above amounts for restricted surplus.

Included in cash is a restricted amount of \$334,015 (2024 - \$478,173) comprised of \$322,667 (2024 - \$456,825) of deferred revenue received from various sources and held exclusively for approved projects, \$21,348 (2024 - \$21,348) of deposit liabilities (*Note 7*) and (*Note 8*) respectively.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2025	2024
Current	\$ 496,416	\$ 546,771
Arrears	480,208	454,256
	976,624	1,001,027
Less: allowance for doubtful accounts	(234,345)	(207,399)
	\$ 742,279	\$ 793,628

4. DEBT CHARGES RECOVERABLE

	2025	2024
Current debt charges recoverable	\$ 75,762	\$ 72,282
Non-current debt charges recoverable	537,627	613,389
	\$ 613,389	\$ 685,671

(continues)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

4. DEBT CHARGES RECOVERABLE *(continued)*

Principal and interest repayments are as follows:

	Principal	Interest	Total
2026	\$ 75,762	\$ 28,295	\$ 104,057
2027	79,410	24,647	104,057
2028	83,233	20,824	104,057
2029	87,241	16,816	104,057
2030	91,441	12,616	104,057
Thereafter	196,302	11,811	208,113
	\$ 613,389	\$ 115,009	\$ 728,398

In prior years, the Municipality has assumed debenture financing on behalf of the M.D. of St. Paul Foundation totaling \$1,511,989. However, \$1,511,989 plus interest is recoverable from the M.D. of St. Paul Foundation with respect to this financing. Amounts are recoverable in annual blended instalments maturing December 17, 2032.

5. NOTES RECEIVABLE

	2025	2024
St. Paul Quarterback Club - site renovations	\$ 16,500	\$ 22,000
Mallaig & District Agricultural Society - renovations	10,500	12,600
	\$ 27,000	\$ 34,600

Repayment terms are approximately:

2026	\$ 7,600
2027	7,600
2028	7,600
2029	2,100
2030	2,100
	<u>\$ 27,000</u>

The Municipality has provided funding to local not-for-profit organizations, to assist with equipment purchases and site renovations. The notes receivable are non-interest bearing and receivable in equal annual instalments. The notes will be fully repaid in 2028 and 2030.

6. EMPLOYEE BENEFIT OBLIGATIONS

	2025	2024
Vacation	\$ 35,550	\$ 35,104
Overtime	89,938	56,102
	\$ 125,488	\$ 91,206

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year. The Municipality has accumulating non-vesting sick leave benefits.

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

7. DEFERRED REVENUE

	Opening balance	Received	Recognized as revenue	2025	2024
<u>Capital Grants</u>					
CCBF Grant	\$ 142,680	\$ 446,819	\$ (584,477)	\$ 5,022	\$ 142,680
<u>Operating Grants</u>					
ACP- Rec					
Facilities and Aquatics	150,000	-	(70,333)	79,667	150,000
SCOP- STEP					
AG& Web	48,143	-	(48,143)	-	48,143
Tourism Planning	38,993	-	(38,993)	-	38,993
Service Canada- Investor Readiness	6,000	-	(6,000)	-	6,000
ACP-Regional Ag Strategy Grant	-	150,000	(35,000)	115,000	-
ACP-Internship	-	60,000	(50,429)	9,571	-
Rural Transit	-	50,000	(20,150)	29,850	-
	243,136	260,000	(269,048)	234,088	243,136
<u>Other Deferred Revenue</u>					
Subdivision approach deposits	56,248	12,548	-	68,796	56,248
Subdivision warranty	10,000	-	-	10,000	10,000
Road, gravel, utility & land deposits	4,761	-	-	4,761	4,761
	71,009	12,548	-	83,557	71,009
	\$ 456,825	\$ 719,367	\$ (853,525)	\$ 322,667	\$ 456,825

8. DEPOSIT LIABILITIES

	2025	2024
Tax sale surplus	\$ 21,348	\$ 21,348

Tax sale surplus consists of surplus funds received from land sold at public auction. These funds are payable to the previous ratepayer under the the guidelines set out in the Municipal Government Act.

9. PROVISION FOR GRAVEL PIT RECLAMATION

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Municipality is required to fund the reclamation of certain land used for the extraction of aggregate material. Reclamation requirements have been defined in accordance with industry standards and includes re-vegetation of sites and backsloping required upon closure. The Municipality owns and operates aggregate extraction sites. The aggregate is used for road maintenance and construction projects within the Municipality. An amount of \$956,419 (2024 - \$1,268,790) has been accrued.

Gravel reclamation liabilities are based on pits which are ready for reclamation and do not take into account undisturbed sites. Liabilities are based on estimates and assumptions by management using information available at the end of the reporting period and actual results may vary.

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

10. ASSET RETIREMENT OBLIGATIONS

The Municipality owns several buildings which contain asbestos and, therefore, the Municipality is legally required to perform abatement activities upon renovation or demolition of these buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are an abatement cost in year 2028 through 2063 of \$641,080. The estimated total liability of \$447,914 (2024 - \$423,830) is based on the sum of discounted abatement activities using a discount rate of 3%.

The Municipality has not designated assets for settling the abatement activities.

	2025
<u>Total asset retirement obligation</u>	
Balance, beginning of year	\$ 423,830
Accretion expense	24,084
Estimated total liability	\$ 447,914

11. LONG TERM DEBT

	2025	2024
Self supported debentures	\$ 4,101,601	\$ 4,831,533
Debentures recoverable (Note 4)	613,389	685,671
	\$ 4,714,990	\$ 5,517,204

Principal and interest repayments are as follows:

	Principal	Interest	Total
2026	\$ 831,177	\$ 152,928	\$ 984,105
2027	861,205	122,900	984,105
2028	892,339	91,766	984,105
2029	205,345	65,877	271,222
2030	212,790	58,432	271,222
Thereafter	1,712,134	337,899	2,050,033
	\$ 4,714,990	\$ 829,802	\$ 5,544,792

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.446% to 4.758% per annum, matures in periods 2028 through 2048. The average annual interest rate is 3.354% (2023 - 3.354%).

Debenture debt is issued on the credit and security of the Municipality at large.

Interest on long term debt amounted to \$174,768 (2024 - \$202,945).

The Municipality's total cash payments for interest were \$186,792 (2024 - \$217,903)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the County of St. Paul No. 19 be disclosed as follows:

	2025	2024
Total debt limit	\$ 45,557,423	\$ 43,289,175
Total debt (including loan guarantees)	(4,105,135)	(4,848,862)
Amount of debt limit unused	\$ 41,452,288	\$ 38,440,313
Debt servicing limit	\$ 7,592,904	\$ 7,214,863
Debt servicing	(880,048)	(880,048)
Amount of debt servicing limit unused	\$ 6,712,856	\$ 6,334,815

The debt limit is calculated at 1.5 times revenue of the Municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Municipality. Rather, the financial statements must be interpreted as a whole.

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

12. INVENTORY FOR CONSUMPTION

Municipal inventories consist of the following:

	2025	2024
Public Works gravel	\$ 5,716,129	\$ 5,379,342
Public Works miscellaneous	855,635	893,285
Public Works sand and salt	70,851	60,928
Agricultural services	56,085	49,131
Public Works coldmix	31,061	31,061
	\$ 6,729,761	\$ 6,413,747

13. ACCUMULATED SURPLUS

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

	2025	2024
Unrestricted surplus	\$ 6,997,918	\$ 6,997,918
Internally restricted surplus		
Reserve for future expenditures	14,216,873	13,304,410
Debt reduction	96,034	96,034
Transportation	23,547	26,747
Community reserve	290,218	432,018
Fire	241,781	174,195
Fire capital replacement	272,411	1,423,502
Equipment replacement	2,515,000	-
Waste management	1,209,439	1,012,461
Water capital replacement	1,173,102	961,002
Public reserve trust	30,343	22,773
Gravel levy	113,871	109,142
Internally restricted surplus	20,182,619	17,562,284
Equity in tangible capital assets		
Tangible capital assets (<i>Schedule 1</i>)	223,347,886	218,822,570
Accumulated amortization (<i>Schedule 1</i>)	(108,670,026)	(104,069,062)
Asset retirement obligation (<i>Note 10</i>)	(447,914)	(423,830)
Long term debt (<i>Note 11</i>)	(4,101,601)	(4,831,533)
Equity in tangible capital assets	110,128,345	109,498,145
	\$ 137,308,882	\$ 134,058,347

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

14. COMMITMENTS

The Municipality has committed to the following agreements:

- three five year gravel leases that pay a minimum fee of \$302,016.
- five year lease agreement for financial software, with annual costs estimated at \$59,810
- five year lease agreement for digital, and process software, with annual costs estimated at \$56,406
- five year contract, expiring in 2026, for the provision of managed information technology services at a minimum of \$69,120 annually.

The Municipality has long term leases with respect to its office equipment. The leases contain renewal options and provides maintenance service and minor maintenance. Future minimum lease payments as at December 31, 2025, are as follows:

2026	\$	54,113
2027		24,655
2028		23,814
2029		12,253
2030		<u>6,795</u>
	\$	<u>121,630</u>

15. CONTINGENCIES

The Municipality has guaranteed one half of a prime plus 1.625% Servus Credit Union term loan for the Elk Point Regional Allied Arts Society. As at December 31, 2025, the loan balance was \$7,069 (2024 - \$34,658), therefore the Municipality's guarantee would be limited to \$3,354 (2024 - \$17,329).

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

16. SALARY, CONTRACTS AND BENEFITS DISCLOSURE

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

		Salary	Benefits & Allowances	2025	2024
Reeve	Ockerman	\$ 46,691	\$ 8,208	\$ 54,899	\$ 56,750
Deputy Reeve	Fodness	59,818	6,198	66,016	69,596
Councilors	Dechaine	51,576	8,428	60,004	53,580
	Hedrick	62,531	9,103	71,634	69,784
	Krekoski	38,172	6,700	44,872	53,413
	Wirsta	36,506	6,687	43,193	54,310
	Younghans	48,502	8,233	56,735	55,217
	Michaud	9,164	1,395	10,559	-
	Smith	10,246	1,455	11,701	-
CAO	Wallsmith	188,950	35,085	224,035	206,990
Designated Officers	7 positions	442,045	24,263	466,308	415,475

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.
3. If an automobile is provided, no amount is included in the benefits and allowances figure.
4. 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.

17. LOCAL AUTHORITIES PENSION PLAN

Employees of the Municipality 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.

	2025	2024
Current service contributions by Employer	\$ 674,655	\$ 653,382
Current service contributions by Employee	601,072	584,258
	\$ 1,275,727	\$ 1,237,640

(continues)

COUNTY OF ST. PAUL NO. 19
Notes to Consolidated Financial Statements
Year Ended December 31, 2025

17. LOCAL AUTHORITIES PENSION PLAN *(continued)*

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

At December 31, 2024 the LAPP disclosed an actuarial surplus of \$19.6 billion.

18. SEGMENTED DISCLOSURE

The Municipality 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 7).

General government includes council and other legislative, and general administration. Protective services includes fire. Transportation services includes roads, streets, walks and lighting. Planning, development and ASB includes land use planning, zoning and subdivision land and development and Agricultural Service Board. Recreation, culture and family includes parks and recreation, libraries, and Family and Community Support Services. Environmental services includes water supply and distribution, wastewater treatment and disposal, and waste management.

19. FINANCIAL INSTRUMENTS

The Municipality initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The Municipality's financial instruments consist of all financial assets and liabilities. It is management's opinion that the Municipality is not exposed to significant interest or currency risks arising from these financial instruments.

The Municipality is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipality provides services may experience financial difficulty and be unable to fulfil their obligations. An allowance for doubtful accounts is established, if required, based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The large number and diversity of taxpayers and customers minimizes the credit risk. The Municipality's provision for allowances is as follows:

- Taxes and grants in place of taxes receivable is \$234,345 (2024 - \$207,399)
- Trade and other receivables - municipal is \$29,761 (2024 - \$42,242)

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

20. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these consolidated financial statements.