

VILLAGE OF ALIX
Financial Statements
Year Ended December 31, 2025

VILLAGE OF ALIX
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Year Ended December 31, 2025

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS). The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the financial statements are presented fairly in all material respects.

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

The Municipality's council carries out its responsibilities for review of the financial statements principally through regular council meetings. Council meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to council with and without the presence of management. The Municipality's council has approved the financial statements.

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



Michéle White, CAO

Alix, Alberta
April 15, 2026



INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Village of Alix

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2025, and the results of its operations and 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 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 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 PSAS, 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 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.

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 these financial statements.

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Independent Auditor's Report to the Members of Council of Village of Alix *(continued)*

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

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

Edmonton, Alberta
April 15, 2026


Seniuk & Marcato
**Seniuk and Marcato,
Chartered Professional Accountants**


VILLAGE OF ALIX
Statement of Financial Position
December 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash (Note 3)	\$ 2,189,599	\$ 1,764,654
Restricted cash (Note 3)	71,444	-
Taxes and grants in place of taxes receivable (Note 4)	128,074	128,552
Grants and receivables from other governments (Note 6)	657,817	458,005
Trade and other receivables	113,742	112,018
	3,160,676	2,463,229
LIABILITIES		
Accounts payable and accrued liabilities	106,791	99,722
Wages payable	34,061	30,899
Long term debt (Note 9)	2,115,790	2,275,539
Deferred revenue (Note 8)	702,543	365,054
Asset retirement obligation	94,110	89,665
	3,053,295	2,860,879
NET FINANCIAL ASSETS (DEBT)	107,381	(397,650)
NON-FINANCIAL ASSETS		
Prepaid expenses	3,740	4,213
Tangible capital assets (Note 7)	14,763,226	15,045,153
Land inventory	219,728	259,728
Inventory for consumption	35,663	23,744
	15,022,357	15,332,838
ACCUMULATED SURPLUS (Schedule 4)	\$ 15,129,738	\$ 14,935,188

COMMITMENTS (Note 16)

Approved on behalf of council


 _____ Mayor


 _____ (E.W. Cole) Councilor

April 15, 2026

VILLAGE OF ALIX

Statement of Operations and Accumulated Surplus

Year Ended December 31, 2025

	Budget (Unaudited) 2025	2025	2024
REVENUES			
Net municipal taxes (Schedule 1)	\$ 1,650,132	\$ 1,650,034	\$ 1,581,628
User fees	787,230	807,572	862,356
Government transfers for operating (Schedule 2)	72,808	217,021	72,612
Investment income	52,000	55,603	97,358
Penalties and costs of taxes	53,000	39,663	39,176
Licenses and permits	5,600	8,040	7,100
Rentals	20,000	17,999	21,110
Franchise fees & concession contracts	139,600	139,331	144,156
Fines	7,000	7,689	5,941
	2,787,370	2,942,952	2,831,437
EXPENSES			
Administrative and legislative	502,870	476,117	495,199
Protective services (Note 17)	186,158	169,006	198,210
Transportation services	424,573	782,191	681,891
Environmental services	672,485	907,669	838,963
Community services	136,430	133,929	133,430
Recreation and culture	413,950	520,683	306,246
	2,336,466	2,989,595	2,653,939
SURPLUS (DEFICIT) FROM OPERATIONS	450,904	(46,643)	177,498
OTHER INCOME (EXPENSES)			
Government transfers for capital (Schedule 2)	183,686	245,945	649,934
Gain (loss) on disposal of tangible capital assets	-	9,048	(40,792)
(Loss) on sale of land	-	(13,800)	-
	183,686	241,193	609,142
ANNUAL SURPLUS	634,590	194,550	786,640
ACCUMULATED SURPLUS - BEGINNING OF YEAR	14,935,188	14,935,188	14,148,548
ACCUMULATED SURPLUS - END OF YEAR	\$ 15,569,778	\$ 15,129,738	\$ 14,935,188

The accompanying notes form an integral part of these financial statements

VILLAGE OF ALIX**Statement of Changes in Net Financial Assets (Debt)****Year Ended December 31, 2025**

	Budget (Unaudited) 2025	2025	2024
ANNUAL SURPLUS	\$ 634,590	\$ 194,550	\$ 786,640
Amortization of tangible capital assets	-	483,583	456,602
Purchase of tangible capital assets	(183,686)	(201,657)	(1,373,221)
Proceeds on disposal of tangible capital assets	-	9,048	15,000
Loss (gain) on disposal of assets	-	(9,048)	40,792
Decrease (increase) in prepaid expenses	-	474	(1,977)
Decrease (increase) in inventory for consumption	-	(11,919)	(1,805)
Decrease in land held for sale	-	40,000	-
	(183,686)	310,481	(864,609)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	450,904	505,031	(77,969)
NET FINANCIAL DEBT - BEGINNING OF YEAR	(397,650)	(397,650)	(319,681)
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ 53,254	\$ 107,381	\$ (397,650)

The accompanying notes form an integral part of these financial statements

VILLAGE OF ALIX
Statement of Cash Flows
Year Ended December 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Annual surplus for the year	\$ 194,550	\$ 786,640
Items not affecting cash:		
Amortization of tangible capital assets	483,583	456,602
Gain on disposal of tangible capital assets	(9,048)	40,792
	669,085	1,284,034
Changes in non-cash working capital:		
Trade and other receivables	(1,722)	(55,360)
Land inventory	40,000	-
Grants and receivables from other governments	(199,812)	78,143
Taxes and grants in place of taxes	478	19,548
Accounts payable and accrued liabilities	7,067	(364,995)
Deferred revenue	337,489	(302,187)
Wages payable	3,162	3,183
Prepaid expenses	473	(1,977)
Inventory for consumption	(11,919)	(1,805)
	175,216	(625,450)
Cash flow from operating activities	844,301	658,584
CAPITAL ACTIVITIES		
Cash used to acquire tangible capital assets	(201,657)	(1,373,221)
Proceeds on disposal of tangible capital assets	9,048	15,000
Cash flow used by capital activities	(192,609)	(1,358,221)
INVESTING ACTIVITIES		
Decrease (increase) in restricted cash	(71,444)	262,387
Increase (decrease) in asset retirement obligations	4,445	4,235
Cash flow from (used by) investing activities	(66,999)	266,622
FINANCING ACTIVITIES		
Repayment of long term debt	(159,748)	(154,137)
INCREASE (DECREASE) IN CASH FLOW	424,945	(587,152)
Cash - beginning of year	1,764,654	2,351,806
CASH - END OF YEAR (Note 3)	\$ 2,189,599	\$ 1,764,654

The accompanying notes form an integral part of these financial statements

VILLAGE OF ALIX**Schedule of Property and Other Taxes****(Schedule 1)****Year Ended December 31, 2025**

	Budget (Unaudited) 2025	2025	2024
TAXATION			
Real property tax	\$ 1,881,748	\$ 1,880,960	\$ 1,776,514
Linear property taxes	29,229	29,794	27,520
Grants in lieu of property taxes	2,010	2,010	1,942
	1,912,987	1,912,764	1,805,976
REQUISITIONS			
Alberta school foundation	254,193	254,068	216,748
Lacombe foundation	8,662	8,662	7,600
	262,855	262,730	224,348
NET MUNICIPAL TAXES	\$ 1,650,132	\$ 1,650,034	\$ 1,581,628

Schedule of Government Transfers**(Schedule 2)****Year Ended December 31, 2025**

	Budget (Unaudited) 2025	2025	2024
TRANSFERS FOR OPERATING			
Provincial Government	\$ 72,808	\$ 206,876	\$ 61,208
Other Local Governments	-	10,145	11,404
	72,808	217,021	72,612
	72,808	217,021	72,612
TRANSFERS FOR CAPITAL			
Provincial Government	183,686	245,945	649,934
TOTAL GOVERNMENT TRANSFERS	\$ 256,494	\$ 462,966	\$ 722,546

The accompanying notes form an integral part of these financial statements

VILLAGE OF ALIX
Schedule of Expenditures by Object
Year Ended December 31, 2025

(Schedule 3)

	Budget (Unaudited) 2025	2025	2024
EXPENSES			
Salaries, wages & benefits	\$ 694,380	\$ 686,033	\$ 670,952
General and professional services	594,650	675,486	626,019
Contracted services, materials and utilities	871,140	964,847	718,412
Transfers to local boards and agencies	99,788	99,559	96,491
Amortization	-	483,583	456,602
Interest on long term debt	76,509	75,642	81,228
Accretion	-	4,445	4,235
Total Expenditures by Object	\$ 2,336,467	\$ 2,989,595	\$ 2,653,939

The accompanying notes form an integral part of these financial statements

VILLAGE OF ALIX
Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2025

(Schedule 4)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	Total 2025	Total 2024
BALANCE, BEGINNING OF YEAR	\$ 1,272,415	\$ 982,824	\$ 12,679,949	\$ 14,935,188	\$ 14,148,548
Excess (deficiency) of revenues over expenses	194,550	-	-	194,550	786,640
Current year funds used to purchase of tangible capital assets	(201,657)	-	201,657	-	-
Annual amortization expense	483,583	-	(483,583)	-	-
Principal repayments on long term debt	(159,748)	-	159,748	-	-
Annual accretion expense	4,445	-	(4,445)	-	-
Annual reserve fund transfers	(132,140)	132,140	-	-	-
	189,033	132,140	(126,623)	194,550	786,640
BALANCE, END OF YEAR	\$ 1,461,448	\$ 1,114,964	\$ 12,553,326	\$ 15,129,738	\$ 14,935,188

The accompanying notes form an integral part of these financial statements

VILLAGE OF ALIX
Schedule of Segmented Disclosure
Year Ended December 31, 2025

(Schedule 5)

	General Government	Protective Services	Transportation Services	Recreation & Culture	Environmental Services	Community Services	Total 2024
REVENUE							
Net municipal taxes	\$ 1,650,034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,650,034
Government transfers	-	-	145,668	36,466	-	34,887	217,021
User fees and sales of goods	12,436	2,354	1,086	20,455	771,241	-	807,572
Investment income	55,603	-	-	-	-	-	55,603
Franchise and concession contracts	139,331	-	-	-	-	-	139,331
Penalties and costs of taxes	39,663	-	-	-	-	-	39,663
Rentals	-	-	-	-	-	17,999	17,999
Licenses, permits and fines	2,725	9,529	-	-	-	3,475	15,729
	1,899,792	11,883	146,754	56,921	771,241	56,361	2,942,952
EXPENSES							
Contract and general services	78,616	110,731	246,693	51,446	151,678	36,322	675,486
Salaries and wages	340,867	-	158,720	72,110	114,336	-	686,033
Materials, goods and utilities	51,692	29,324	124,467	321,048	408,577	29,739	964,847
Transfers to local boards	-	10,000	-	58,186	-	31,373	99,559
Amortization	4,093	18,951	238,880	14,558	206,881	220	483,583
Interest on long term debt	-	-	13,300	-	26,067	36,275	75,642
Accretion of asset retirement obligations	849	-	131	3,335	130	-	4,445
	476,117	169,006	782,191	520,683	907,669	133,929	2,989,595
Excess (deficiency) of revenue over expenses before other	1,423,675	(157,123)	(635,437)	(463,762)	(136,428)	(77,568)	(46,643)
OTHER							
Government transfers for capital	-	-	77,437	-	168,508	-	245,945
Gain on disposal of tangible capital assets	9,048	-	-	-	-	-	9,048
Loss on sale of land	(13,800)	-	-	-	-	-	(13,800)
	(4,752)	-	77,437	-	168,508	-	241,193
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 1,418,923	\$ (157,123)	\$ (558,000)	\$ (463,762)	\$ 32,080	\$ (77,568)	\$ 194,550

The accompanying notes form an integral part of these financial statements

VILLAGE OF ALIX

Schedule of Tangible Capital Assets

(Schedule 6)

Year Ended December 31, 2025

	Opening Balance 2025	Additions and Transfers 2025	Disposals, Impairments and Transfers 2025	Closing Balance 2025
For the year ended December 31, 2025				
Cost				
Land	\$ 145,015	\$ -	\$ -	\$ 145,015
Land improvements	456,817	-	-	456,817
Buildings	2,574,507	-	-	2,574,507
Engineered structures	18,174,738	111,706	-	18,286,444
Machinery and equipment	978,210	42,331	(3,006)	1,017,535
Motor vehicles	367,909	47,619	(27,825)	387,703
	22,697,196	201,656	(30,831)	22,868,021
Accumulated Amortization				
Land improvements	(315,304)	(10,149)	-	(325,453)
Buildings	(724,072)	(50,302)	-	(774,374)
Engineered structures	(5,708,568)	(354,908)	-	(6,063,476)
Machinery and equipment	(656,829)	(53,172)	3,006	(706,995)
Motor vehicles	(247,270)	(15,052)	27,825	(234,497)
	(7,652,043)	(483,583)	30,831	(8,104,795)
Net Book Value	\$ 15,045,153	\$ (281,927)	\$ -	\$ 14,763,226

For the year ended December 31, 2024

Cost				
Land	\$ 193,078	\$ -	\$ (48,063)	\$ 145,015
Land improvements	456,817	-	-	456,817
Buildings	2,584,049	-	(9,542)	2,574,507
Engineered structures	16,855,611	1,345,927	(26,800)	18,174,738
Machinery and equipment	950,916	27,294	-	978,210
Motor vehicles	367,909	-	-	367,909
	21,408,380	1,373,221	(84,405)	22,697,196
Accumulated Amortization				
Land improvements	(301,941)	(13,363)	-	(315,304)
Buildings	(675,563)	(50,322)	1,813	(724,072)
Engineered structures	(5,405,096)	(330,272)	26,800	(5,708,568)
Machinery and equipment	(608,372)	(48,457)	-	(656,829)
Motor vehicles	(233,082)	(14,188)	-	(247,270)
	(7,224,054)	(456,602)	28,613	(7,652,043)
Net Book Value	\$ 14,184,326	\$ 916,619	\$ (55,792)	\$ 15,045,153

Additions to assets under construction are reported net of those tangible capital assets placed in service during the year which are shown in their respective asset classifications.

VILLAGE OF ALIX
Notes to Financial Statements
Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Alix (the "Municipality") are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). It is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c. M-26, as amended (MGA). Significant aspects of the accounting policies adopted by the Municipality are as follows:

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized as they are incurred and measurable based upon receipt of the goods and services and/or the legal obligation to pay.

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

Revenue is recognized in the period when the related expenses are incurred, services performed/goods provided, or the tangible capital assets are acquired.

Financial instruments

PS3450, Financial Instruments, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments; all other financial instruments can be measured at cost, amortized cost, or fair value at the election of the government. The standard also requires disclosure of the nature and extent of risks arising from financial instruments and provides clarification on the derecognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

Use of Estimates

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the Municipality's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- estimated accrued receivables;
- the allowance for doubtful accounts;
- the allowance for inventory obsolescence;
- the amortization based on the estimated useful lives of assets;
- assessment of impairment of long term assets;
- estimated accrued payables; and
- the estimated asset retirement obligations.

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VILLAGE OF ALIX
Notes to Financial Statements
Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Segment Disclosures

The Schedule of Segment Disclosures – Schedule 5 has been prepared in accordance with PS2700 Segment Disclosures. Segment disclosures are intended to enable users to better understand the government reporting entity as well as the major expense and revenue activities of the Municipality. For each reported segment, revenues and expenses represent amounts directly or reasonably attributable to the segment.

The segments have been selected on a basis consistent with the presentation adopted for municipal financial planning and budgeting processes.

- General Government is comprised of municipal administration and council governance;
- Protective Services is comprised of police, traffic safety, bylaw enforcement and fire rescue;
- Transportation Services is comprised of roadway and parking services;
- Environmental Services is comprised of water, sewage, and garbage services;
- Community Services is comprised of related services for the betterment of the Municipality; and
- Recreation and Culture is comprised of parks and recreation; community and family services planning; and corporate properties and public housing.

Cash and short term investments

Cash and cash equivalents consist of cash on deposit and short term investments maturing within 90 days from the date of purchase, are capable of reasonably prompt liquidation, and may be used to manage the Municipality's cash position throughout the year.

Investments

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transaction costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of, the accumulated gains or losses are reclassified to the statement of operations. Investments in interest-bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net-present-value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

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

Inventory

Inventory is measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventory includes all costs to purchase, convert, and bring the inventories to their present location and condition. Cost is determined using specific identification for major equipment and the weighted-average cost formula for all other inventory items. Inventory valuation reserves are maintained for inventory that is slow moving or obsolete.

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VILLAGE OF ALIX
Notes to Financial Statements
Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Loans Receivable

Loans receivable are initially recognized at cost, net of any transaction costs, with interest income recognized using the effective interest method. Loans receivable are subsequently measured at amortized cost net of any valuation allowances.

Debt Charges Recoverable

Debt charges recoverable consist of amounts borrowed under long term debt that are recoverable under loans or other financial arrangements made to non-profit organizations. These debt recoverable amounts are recorded at an amount equivalent to the related outstanding long term debt balances as at December 31. Loans are recorded at the lower of cost and net recoverable value. A valuation allowance in the debt recoverable is recognized when there is no longer any reasonable assurance of collection.

Local Improvements

When a service or improvement is deemed to benefit a specific area more than the Municipality as a whole, the project may be classified as a local improvement under the MGA to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owners' share of the improvement is recognized as revenue and established as a receivable in the period in which the project costs are incurred.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates:

Land improvements	15 - 30 years
Engineered structures	10 - 75 years
Buildings	50 years
Machinery and equipment	5 - 20 years
Motor vehicles	10 - 25 years

The Municipality regularly reviews its tangible capital assets to eliminate obsolete items.

Government transfers related to tangible capital assets are recognized as revenue when the related expenditures are incurred and are reported within the applicable capital asset function.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributions of Tangible Capital Assets

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

Cultural and Historical Tangible Capital Assets

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

Non-Financial Assets

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

(*continues*)

VILLAGE OF ALIX
Notes to Financial Statements
Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 that 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.

Deferred Revenue

Deferred revenue comprises funds received in advance of services performed or where the use of funds is externally restricted. These amounts are recognized as revenue in the period the service is performed or when the funds are used for the purpose specified. When agreements stipulate that interest earned on contributions should be restricted for a specific purpose, that interest is treated as a contribution received and recorded as an addition to deferred revenue.

Deposits

Deposits are held for the purposes of securing the compliance of a third party to contractual stipulations. Deposits are returned when compliance with contractual stipulations is determined. Deposits are recognized as revenue when a third party defaults on the contractual stipulations that the deposits were securing against.

Long term Debt

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

Reserves and Equity in Tangible Capital Assets

Certain amounts, as approved by Council, are designated within accumulated surplus as reserves for future operating and capital expenditures.

Equity in tangible capital assets is included within accumulated surplus. It represents the investment in tangible capital assets after deducting the portion financed by long term debt.

Tax Revenue

Annually, the Municipality bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the Municipal Government Act (MGA) and annually established tax rates. Municipal tax rates are set each year by the Municipality's Council in accordance with legislation and the Municipality's Council-approved policies. The purpose is to raise the funds required to provide municipal services and to meet requisition obligations. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Expenses related to tax appeals and allowances are separately disclosed in the Schedule of Property and Other Taxes.

The Municipality also bills and collects education tax on behalf of the Province of Alberta (the Province). Education tax rates are established by the Province each year in order to fund the cost of education on a province-wide basis. Education taxes collected are remitted to the Province and are excluded from revenues and expenses in the Schedule of Property and Other Taxes (Schedule 1).

(continues)

VILLAGE OF ALIX
Notes to Financial Statements
Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

PS3400, Revenue establishes standards on how to account for and report on revenue, specifically in regard to revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions). This standard is applicable for fiscal years beginning on or after April 1, 2023.

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.

Government Transfers

Government transfers are the transfer of monetary assets or tangible capital assets from other orders of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future. The Municipality receives government transfers from the Federal and Provincial governments to fund operating and capital expenditures. These transfers to the Municipality are recognized as revenues when the transfers are authorized and all the eligibility criteria, if any, have been met except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received along with restricted interest thereon are recorded as deferred revenue.

Authorized transfers from the Municipality to other organizations or individuals are recorded as an expense when the transfer has been authorized and the eligibility criteria, if any, have been met by the recipient. The majority of transfers made by the Municipality are in the form of tangible capital assets, grants and subsidies.

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.

(continues)

VILLAGE OF ALIX
Notes to Financial Statements
Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 are expected to occur over extended future periods.

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

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.

Contaminated Sites Liability

Contaminated sites are the result of a chemical, organic or radioactive material or living organisms in amounts that exceed an environmental standard being introduced into soil, water or sediment. The Municipality recognizes a liability for remediation of contaminated sites when the following criteria have been met:

- an environmental standard exists,
- there is evidence that contamination exceeds an environmental standard,
- the Municipality is directly responsible or accepts responsibility for the contamination,
- it is expected that future economic benefits will be given up, and
- a reasonable estimate of the amount can be made.

Sites that are currently in productive use are only considered contaminated sites if an unexpected event results in remediation. In cases where the Municipality's responsibility is not determinable, a contingent liability may be disclosed.

The liability reflects the Municipality's best estimate, as of December 31, of the amount required to remediate non-productive sites to the current minimum standard of use prior to contamination. Where possible, provisions for remediation are based on environmental assessments completed for a site; for those sites where an assessment has not been completed, estimates of the remediation are completed using information available for the site and by extrapolating from the cost to clean up similar sites. The liability is recorded net of any estimated recoveries from third parties. When cash flows are expected to occur over extended future periods the Municipality will measure the liability using present value techniques. This liability is reported in the Statement of Financial Position.

VILLAGE OF ALIX
Notes to Financial Statements
Year Ended December 31, 2025

2. FINANCIAL INSTRUMENTS

The Municipality’s financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management’s opinion that the Municipality is not exposed to significant currency risks arising from these financial instruments. Tax receivables and requisition over/under-levy are compulsory in nature, rather than contractual, however, the Municipality manages risk exposure on these items similar to other receivables and payables.

The Municipality is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Municipality’s risk exposure and concentration as of December 31, 2025.

Credit risk

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 fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Liquidity risk

Liquidity risk is the risk that the Municipality will be unable to meet its financial obligations as they come due. The Municipality is exposed to this risk primarily through its accounts payable and long-term debt. Liquidity risk is managed through the monitoring of cash balances and the timing of property tax collections and other municipal revenues to ensure sufficient funds are available to meet obligations when due.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will affect the Municipality’s financial position, potentially increasing borrowing costs or reducing investment income. This risk can indirectly impact taxpayers through higher future funding requirements. It is management’s assessment that the municipality is not exposed to this risk in any significant manner.

Unless otherwise noted, it is management’s opinion that the Municipality is not exposed to significant other risks arising from these financial instruments.

3. CASH AND RESTRICTED CASH

	2025	2024
Cash	\$ 2,189,599	\$ 1,764,654
Restricted cash	71,444	-
	\$ 2,261,043	\$ 1,764,654

Restricted amounts received from municipal grants and are held exclusively for future approved projects. (Note 8.)

VILLAGE OF ALIX
Notes to Financial Statements
Year Ended December 31, 2025

4. TAXES RECEIVABLES

Taxes receivable are comprised of:

	2025	2024
Current taxes and grants in place of taxes	\$ 88,172	\$ 85,299
Arrears taxes and grants in place of taxes	39,902	43,253
	\$ 128,074	\$ 128,552

5. TRUST FUNDS

The Municipality administers the following trust funds. These funds are not included as part of the Municipality's financial records as they are held in trust.

	2025	2024
Proceeds from tax forfeitures held in trust	\$ 12,762	\$ 12,397

6. GRANTS AND RECEIVABLES FROM OTHER GOVERNMENTS

Grants and receivables from other governments are comprised of:

	2025	2024
Local Government Fiscal Framework - Capital grant receivable	\$ 499,835	\$ 242,581
Canada Community-Building Fund grant receivable	97,557	95,091
Alberta Community Partnership	50,000	-
Alberta Municipal Water/Wastewater Partnership	-	111,363
Subtotal	647,392	449,035
Goods and services tax refundable	10,425	8,970
	\$ 657,817	\$ 458,005

VILLAGE OF ALIX
Notes to Financial Statements
Year Ended December 31, 2025

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land improvements	\$ 456,817	\$ 325,453	\$ 131,364	\$ 141,513
Engineered structures	18,286,444	6,063,476	12,222,968	12,466,170
Buildings	2,574,507	774,374	1,800,133	1,850,435
Machinery and equipment	1,017,535	706,995	310,540	321,381
Motor vehicles	387,703	234,497	153,206	120,639
Land	145,015	-	145,015	145,015
	\$ 22,868,021	\$ 8,104,795	\$ 14,763,226	\$ 15,045,153

For additional information, see the Schedule of Tangible Capital Assets. (Schedule 6)

VILLAGE OF ALIX
Notes to Financial Statements
Year Ended December 31, 2025

8. DEFERRED REVENUE

Deferred revenue is comprised of:

2025	2024 Balance	Allocations	Disbursements	2025 Balance
Grant Funding				
Canada Community-Building Fund	\$ 95,092	\$ 99,395	\$ (71,818)	\$ 122,669
Local Government Fiscal Framework - Capital	242,582	257,253	(47,619)	452,216
Alberta Community Partnership - Intermunicipal Collaboration	-	200,000	(103,668)	96,332
Alberta Municipal Water/Wastewater Partnership	-	279,870	(279,870)	-
	337,674	836,518	(502,975)	671,217
Other Deferred Revenue				
Prepaid Taxes	11,950	5,878	-	17,828
Prepaid Licenses	820	140	-	960
Prepaid Utilities	14,610	-	(2,072)	12,538
	\$ 365,054	\$ 842,536	\$ (505,047)	\$ 702,543

2024	2023 Balance	Allocations	Disbursements	2024 Balance
Grant Funding				
Canada Community-Building Fund	1	95,091	-	95,092
Municipal Sustainability Initiative - Capital	48,857	229	(49,086)	-
Local Government Fiscal Framework - Capital	-	242,582	-	242,582
Alberta Municipal Water/Wastewater Partnership	313,659	8,776	(322,435)	-
Investing in Canada Infrastructure grant (ICIP)	278,413	-	(278,413)	-
	640,930	346,678	(649,934)	337,674
Other Deferred Revenue				
Prepaid Taxes	13,933	-	(1,983)	11,950
Prepaid Licenses	500	320	-	820
Prepaid Utilities	11,878	2,732	-	14,610
	667,241	349,730	(651,917)	365,054

Grant funding is comprised of the funds noted above and is allocated to the Municipality by the Provincial Government as approved by the individual restricted funding agreements. These grants are restricted to specific projects that must be approved per the agreement and are scheduled for completion in the next few years. These funds are recognized as revenue in the period they are used for the purpose specified. Unexpended funds related to the advances, less amounts receivable from the Provincial Government, are supported by restricted cash held exclusively for these projects (refer to Note 3.).

VILLAGE OF ALIX
Notes to Financial Statements
Year Ended December 31, 2025

9. LONG TERM DEBT

	2025	2024
Alberta Capital Finance Authority loan bearing interest at 4.89% per annum, repayable in semi-annual blended payments of \$10,339. The loan matures on September 17, 2032 and is secured by the credit and security of the Village at large.	\$ 121,339	\$ 135,561
Alberta Capital Finance Authority loan bearing interest at 4.252% per annum, repayable in semi-annual blended payments of \$34,639. The loan matures on June 15, 2030 and is secured by the credit and security of the Village at large.	281,041	336,591
Alberta Capital Finance Authority loan bearing interest at 2.957% per annum, repayable in semi-annual blended payments of \$16,648. The loan matures on December 15, 2034 and is secured by the credit and security of the Village at large.	261,421	286,431
Alberta Capital Finance Authority loan bearing interest at 2.718% per annum, repayable in semi-annual blended payments of \$22,801. The loan matures on September 15, 2035 and is secured by the credit and security of the Village at large.	396,960	431,076
Alberta Capital Finance Authority loan bearing interest at 3.39% per annum, repayable in semi-annual blended payments of \$33,701. The loan matures on March 15, 2048 and is secured by the credit and security of the Village at large.	1,055,029	1,085,880
	\$ 2,115,790	\$ 2,275,539

Principal reductions over the next 5 years are approximately:

2026	\$ 165,573
2027	171,618
2028	177,894
2029	184,408
2030	156,532
Thereafter	1,259,765
	<u>\$ 2,115,790</u>

Interest on long term debt amounted to \$ 75,642 (2024 - \$ 81,228).

VILLAGE OF ALIX
Notes to Financial Statements
Year Ended December 31, 2025

10. 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 Village of Alix, be disclosed as follows:

	2025	2024
Total debt limit	\$ 4,414,428	\$ 4,247,156
Total debt	(2,115,790)	(2,275,539)
Amount of debt limit unused	2,298,638	1,971,617
Debt servicing limit	735,738	707,859
Debt servicing	(236,258)	(236,258)
Amount of debt servicing limit unused	\$ 499,480	\$ 471,601

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.

11. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised of:

	2025	2024
Tangible capital assets (Note 7.)	\$ 22,868,021	\$ 22,697,196
Accumulated amortization (Note 7.)	(8,104,795)	(7,652,043)
Long term debt (Note 9)	(2,115,790)	(2,275,539)
Asset retirement obligation	(94,110)	(89,665)
	\$ 12,553,326	\$ 12,679,949

12. ACCUMULATED SURPLUS

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

	2025	2024
Unrestricted surplus	\$ 1,461,448	\$ 1,272,416
Reserve - Administration	53,000	53,000
Reserve - Fire	127,285	138,778
Reserve - Streets	68,370	8,370
Reserve - Water	141,797	142,187
Reserve - Waste Water	407,332	251,176
Reserve - Cemetery	25,000	20,000
Reserve - Parks And Recreation	248,401	325,534
Reserve - Culture	43,779	43,779
Restricted surplus	1,114,964	982,824

(continues)

VILLAGE OF ALIX
Notes to Financial Statements
Year Ended December 31, 2025

12. ACCUMULATED SURPLUS *(continued)*

	2025	2024
Equity in tangible capital assets	12,553,326	12,679,949
	\$ 15,129,738	\$ 14,935,189

13. SEGMENTED DISCLOSURE

The Village of Alix 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 5).

14. LOCAL AUTHORITIES PENSION PLAN

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

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

Total current service contributions by the Village to the LAPP in 2025 were \$36,571 (2024 - \$36,543). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2025 were \$32,384 (2024 - \$32,379).

The LAPP reported a surplus for the overall plan as at December 31, 2024 of \$19.6B. Information as at December 31, 2025 was not available at the time of preparing these financial statements.

VILLAGE OF ALIX
Notes to Financial Statements
Year Ended December 31, 2025

15. SALARY AND BENEFITS DISCLOSURE

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

			2025		2024	
	Salary (1)	Benefits & allowances (2)	Total		Total	
Mayor T. Besuijen	\$ 5,625	\$ 152	\$ 5,777	\$	6,999	
Councilor R. Fehr	6,025	147	6,172		7,892	
Councilor J. Besuijen	6,425	165	6,590		5,966	
Councilor B. Gilliat	6,975	209	7,184		6,390	
Councilor E. Cole	5,275	9	5,284		5,621	
Chief Administrative Officer	104,362	6,872	111,234		106,374	
Designated Officers (3)	92,342	4,762	97,104		109,465	
	\$ 227,029	\$ 12,316	\$ 239,345	\$	248,707	

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

16. COMMITMENTS

The Municipality is a member of the Highway 12/21 Regional Water Services Commission which provides water services to participating municipalities. In a prior year the construction of a new water system was completed for all members and Municipality's proportion of the costs was 28%, thus having a related commitment to pay the associated debenture for these construction costs until 2044.

Total future minimum payments are as follows:

2026	\$ 65,212
2027	65,212
2028	65,212
2029	65,212
2030	65,212
Thereafter	1,886,045
	<u>\$ 2,212,105</u>

17. RELATED PARTY TRANSACTIONS

The Municipality made payments of \$45,789 (2024 -\$54,869) for Fire Services. The Municipality is related to Lacombe County for its joint operations of the Alix Fire Department. The Municipality is responsible for 25% of operating costs and 40% of capital costs. These transactions are subject to normal trade terms, and were measured at the exchange amount, being the amount of consideration established and agreed by the related parties.

VILLAGE OF ALIX
Notes to Financial Statements
Year Ended December 31, 2025

18. CONTAMINATED SITES LIABILITY

The Municipality has adopted PS3260 Liability for Contaminated Sites. The Municipality did not identify any financial liabilities in 2025 (2024 – Nil) as a result of this standard.

19. ASSET RETIREMENT OBLIGATION

The Municipality identified the following asset retirement obligations:

	2025	2024
Balance, beginning of year	\$ 89,665	\$ 85,431
Liabilities incurred	-	-
Liabilities settled	-	-
Change in estimated cash flows	-	-
Accretion expense	4,445	4,234
Balance, end of year	94,110	89,665

The Municipality owns buildings which contain asbestos and, therefore, the Municipality is legally required to perform abatement activities upon renovations 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 of \$125,742 in the years 2040 - 2052. The estimated total liability of \$94,110 (2024 - \$89,665) is based on the sum of discounted future cash flows for abatement activities using an average discount rate of 4.96% and assuming annual inflation of 3%. The Municipality has not designated assets for settling the abatement activities.

20. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.

21. BUDGET AMOUNTS

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

