

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

The village Council carries out its responsibilities for review of the financial statements principally through its Audit Committee. This committee 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 the Audit Committee with and without the presence of management. The village Council has approved the financial statements.

The financial statements have been audited by Brian King Professional Corporation, Chartered Professional Accountant, independent external auditors appointed by the village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the village's financial statements.

Chief Administrative Officer

March 9, 2026
Village of Chauvin

Brian King Professional Corporation

Box 560, Hardisty, Alberta T0B 1V0

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the Village of Chauvin:

Report on the Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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- 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 my 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- **Debt Limit Regulation:**
In accordance with Alberta Regulation 255/2000, I confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in Note 6
- **Supplementary Accounting Principles and Standards Regulation:**
In accordance with Alberta Regulation 313/2000, I confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 10.

M.D. of Wainwright

March 9, 2026



Brian King Professional Corporation

Chartered Professional Accountant

VILLAGE OF CHAUVIN

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
FINANCIAL ASSETS		
Cash and term deposits (Note 2)	2,248,194	2,217,109
Taxes and grants in place of taxes (Note 3)	110,503	116,174
Trade and other receivables	80,912	74,026
Receivable from other governments	74,161	49,996
Other financial assets	38,054	32,345
	<u>2,551,824</u>	<u>2,489,650</u>
LIABILITIES		
Accounts payable and accrued liabilities	76,872	97,488
Deposits held in trust	700	700
Deferred revenue (Note 4)	211,800	112,601
	<u>289,372</u>	<u>210,789</u>
NET FINANCIAL ASSETS	<u>2,262,452</u>	<u>2,278,861</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	5,671,357	5,376,920
Inventory held for resale	55,582	55,582
Prepaid expenses	14,467	35,115
	<u>5,741,406</u>	<u>5,467,617</u>
ACCUMULATED SURPLUS (NOTE 8)	<u>8,003,858</u>	<u>7,746,478</u>

Commitments and contingencies - See Note 11

APPROVED ON BEHALF OF VILLAGE COUNCIL

Mayor

VILLAGE OF CHAUVIN

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget (unaudited)	2025	2024
REVENUE			
Net municipal property taxes (Schedule 3)	395,401	409,493	385,405
User fees and sales of goods	390,675	438,131	394,509
Penalties and costs on taxes	22,000	30,374	16,984
Licenses and permits	705	865	685
Fines	50	750	-
Franchise and concession contracts	40,000	41,337	40,298
Investment income	56,700	47,587	84,658
Rentals	18,400	15,297	20,073
Government transfers for operating	264,837	402,366	404,106
Other	4,950	4,059	24,819
Gain on disposal of assets	-	2,038	-
	1,193,718	1,392,297	1,371,537
EXPENSES			
Legislative	24,000	34,448	25,799
Administration	170,135	213,421	181,336
Protective services	181,852	185,890	159,077
Transportation	236,124	244,551	240,909
Water supply and distribution	99,730	127,124	107,621
Wastewater treatment and disposal	61,091	89,774	110,855
Waste management	70,950	60,053	66,888
Public health and welfare	7,098	6,479	7,848
Planning and development	400	607	-
Recreation	151,350	258,218	198,069
Culture	11,220	11,737	8,860
Gas system	163,649	149,190	156,433
Amortization	5,000	279,352	262,058
	1,182,599	1,660,844	1,525,753
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER	11,119	(268,547)	(154,216)
OTHER			
Government transfers for capital (Schedule 4)	1,500	525,927	642,614
EXCESS OF REVENUE OVER EXPENSES	12,619	257,380	488,398
ACCUMULATED SURPLUS, BEGINNING OF YEAR	7,746,478	7,746,478	7,258,080
ACCUMULATED SURPLUS, END OF YEAR	7,759,097	8,003,858	7,746,478

VILLAGE OF CHAUVIN

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget (unaudited)	2025	2024
EXCESS OF REVENUE OVER EXPENSES	12,619	257,380	488,398
Acquisition of tangible capital assets	-	(621,751)	(605,406)
Proceeds on disposal of tangible capital assets	-	50,000	-
Amortization of tangible capital assets	5,000	279,352	262,058
Loss (gain) on sale of tangible capital assets	-	(2,038)	-
Net (increase) decrease of inventory held for resale	-	-	2,253
Net (increase) decrease of prepaid assets	-	20,648	4,152
INCREASE IN NET FINANCIAL ASSETS	17,619	(16,409)	151,455
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>2,278,861</u>	<u>2,278,861</u>	<u>2,127,406</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>2,296,480</u></u>	<u><u>2,262,452</u></u>	<u><u>2,278,861</u></u>

VILLAGE OF CHAUVIN

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	257,380	488,398
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	279,352	262,058
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	5,671	(16,142)
Decrease (increase) in trade and other receivables	(6,886)	(17,928)
Decrease (increase) in due from other governments	(24,165)	(6,278)
Decrease (increase) in inventory held for resale	-	2,253
Decrease (increase) in prepaid expenses	20,648	4,152
Decrease (increase) in other financial assets	(5,709)	(11,346)
Increase (decrease) in accounts payable and accrued liabilities	(20,616)	14,866
Increase (decrease) in deferred revenue	99,199	(141,604)
	602,836	578,429
CAPITAL		
Acquisition of tangible capital assets	(621,751)	(605,406)
Sale of tangible capital assets	50,000	-
	(571,751)	(605,406)
INVESTING		
Decrease (increase) in restricted cash or cash equivalents	(114,016)	128,223
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(82,931)	101,246
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,136,924	2,035,678
CASH AND CASH EQUIVALENTS, END OF YEAR	2,053,993	2,136,924
CASH AND CASH EQUIVALENTS IS MADE UP OF:		
Cash on hand	200	200
Cash in bank	1,877,971	1,854,127
Term deposits (Note 2)	370,023	362,782
Less: restricted portion of cash and temporary investments (Note 2)	(194,201)	(80,185)
	2,053,993	2,136,924

VILLAGE OF CHAUVIN

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2025 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2025	2024
BALANCE, BEGINNING OF YEAR	864,266	1,505,292	5,376,920	7,746,478	7,258,080
Excess (deficiency) of revenues over expenses	257,380	-	-	257,380	488,398
Unrestricted funds designated for future use	(111,369)	111,369	-	-	-
Current year funds used for tangible capital assets	(621,751)	-	621,751	-	-
Disposal of tangible capital assets	47,962	-	(47,962)	-	-
Annual amortization expense	279,352	-	(279,352)	-	-
Change in accumulated surplus	(148,426)	111,369	294,437	257,380	488,398
BALANCE, END OF YEAR	715,840	1,616,661	5,671,357	8,003,858	7,746,478

VILLAGE OF CHAUVIN

SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2025 (Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2025	2024
COST:								
Balance - beginning of year	102,668	278,330	1,305,624	6,918,392	1,210,361	182,679	9,998,054	9,392,648
Acquisition of tangible capital assets	-	-	-	587,600	34,151	-	621,751	605,406
Disposal of tangible capital assets	(8,000)	-	(42,970)	-	-	-	(50,970)	-
Balance - end of year	94,668	278,330	1,262,654	7,505,992	1,244,512	182,679	10,568,835	9,998,054
ACCUMULATED AMORTIZATION								
Balance - beginning of year	-	52,822	277,660	3,529,702	599,012	161,938	4,621,134	4,359,076
Annual amortization	-	13,584	27,292	160,000	68,331	10,145	279,352	262,058
Accumulated amortization on disposals	-	-	(3,008)	-	-	-	(3,008)	-
Balance - end of year	-	66,406	301,944	3,689,702	667,343	172,083	4,897,478	4,621,134
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	94,668	211,924	960,710	3,816,290	577,169	10,596	5,671,357	5,376,920
OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	102,668	225,508	1,027,964	3,388,690	611,349	20,741	5,376,920	

VILLAGE OF CHAUVIN

SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2025 (Schedule 3)

	Budget (Unaudited)	2025	2024
TAXATION			
Real property taxes	330,421	344,155	340,488
Linear property taxes	136,250	136,250	110,075
	<u>466,671</u>	<u>480,405</u>	<u>450,563</u>
REQUISITIONS			
Alberta School Foundation	67,053	67,053	61,443
Battle River Foundation	3,859	3,859	3,715
Designated Industrial Property	358	-	-
	<u>71,270</u>	<u>70,912</u>	<u>65,158</u>
NET MUNICIPAL TAXES	<u>395,401</u>	<u>409,493</u>	<u>385,405</u>

VILLAGE OF CHAUVIN

SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2025 (Schedule 4)

	Budget (Unaudited)	2025	2024
TRANSFERS FOR OPERATING			
Federal Government	-	-	5,319
Provincial Government	-	98,636	98,636
Local Governments	264,837	303,730	300,151
	264,837	402,366	404,106
TRANSFERS FOR CAPITAL			
Federal Government	1,000	89,226	66,948
Provincial Government	500	76,094	436,273
Local Governments	-	360,607	139,393
	1,500	525,927	642,614
TOTAL GOVERNMENT TRANSFERS	266,337	928,293	1,046,720

VILLAGE OF CHAUVIN

SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2025 (Schedule 5)

	Budget (Unaudited)	2025	2024
Expenditures			
Salaries, wages and benefits	443,150	441,464	428,945
Contracted and general services	264,844	358,384	379,762
Materials, goods and utilities	293,100	367,176	313,032
Provision for allowances	500	23,692	1,956
Transfers to other governments	15,000	14,190	14,170
Transfers to local boards and agencies	149,805	164,191	112,332
Transfers to individuals and agencies	-	2,132	600
Other expenditures	11,200	10,263	12,898
Amortization of tangible capital assets	5,000	279,352	262,058
	<u>1,182,599</u>	<u>1,660,844</u>	<u>1,525,753</u>

VILLAGE OF CHAUVIN

SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2025 (Schedule 6)

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Gas System	Total
REVENUE									
Net municipal property taxes (Schedule 2)	409,493	-	-	-	-	-	-	-	409,493
User fees and sales of goods	2,885	46,800	-	208,301	947	-	11,597	167,601	438,131
Penalties and costs on taxes	20,553	-	-	9,821	-	-	-	-	30,374
Licenses and permits	175	690	-	-	-	-	-	-	865
Fines	750	-	-	-	-	-	-	-	750
Franchise and concession contracts	41,337	-	-	-	-	-	-	-	41,337
Investment income	30,910	1,886	-	-	-	-	8,804	5,987	47,587
Rentals	15,297	-	-	-	-	-	-	-	15,297
Government transfers	98,636	99,100	2,421	3,520	-	-	198,689	-	402,366
Other	3,409	100	-	100	450	-	-	-	4,059
	<u>623,445</u>	<u>148,576</u>	<u>2,421</u>	<u>221,742</u>	<u>1,397</u>	<u>-</u>	<u>219,090</u>	<u>173,588</u>	<u>1,390,259</u>
EXPENSES									
Salaries, wages and benefits	123,501	67,289	109,401	101,540	2,126	-	11,083	26,524	441,464
Contracted and general services	69,353	26,986	31,950	133,161	868	607	46,365	49,094	358,384
Materials, goods and utilities	18,346	68,835	102,272	42,350	-	-	61,801	73,572	367,176
Provision for allowances	23,692	-	-	-	-	-	-	-	23,692
Transfers to other governments	-	14,190	-	-	-	-	-	-	14,190
Transfers to local boards and agencies	10,000	-	-	-	3,485	-	150,706	-	164,191
Transfers to individuals and agencies	2,132	-	-	-	-	-	-	-	2,132
Other expenditures	845	8,590	828	-	-	-	-	-	10,263
	<u>247,869</u>	<u>185,890</u>	<u>244,451</u>	<u>277,051</u>	<u>6,479</u>	<u>607</u>	<u>269,955</u>	<u>149,190</u>	<u>1,381,492</u>
NET REVENUE, BEFORE AMORTIZATION	<u>375,576</u>	<u>(37,314)</u>	<u>(242,030)</u>	<u>(55,309)</u>	<u>(5,082)</u>	<u>(607)</u>	<u>(50,865)</u>	<u>24,398</u>	<u>8,767</u>
AMORTIZATION AND DISPOSAL OF ASSETS									
Amortization of tangible capital assets	8,337	41,358	139,304	68,450	-	-	19,327	2,576	279,352
Loss (gain) on disposal of tangible capital ass.	-	-	(2,038)	-	-	-	-	-	(2,038)
	<u>8,337</u>	<u>41,358</u>	<u>137,266</u>	<u>68,450</u>	<u>-</u>	<u>-</u>	<u>19,327</u>	<u>2,576</u>	<u>277,314</u>
NET REVENUE	<u>367,239</u>	<u>(78,672)</u>	<u>(379,296)</u>	<u>(123,759)</u>	<u>(5,082)</u>	<u>(607)</u>	<u>(70,192)</u>	<u>21,822</u>	<u>(268,547)</u>

VILLAGE OF CHAUVIN

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

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Chauvin 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 village are as follows:

a) Reporting Entity

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

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

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

b) Basis of Accounting

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

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

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

VILLAGE OF CHAUVIN

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) 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 financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) Valuation of Financial Assets and Liabilities

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

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

e) Investments

Investments 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.

f) 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.

g) Inventories for Resale

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

VILLAGE OF CHAUVIN

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Government Transfers

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

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

i) Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

j) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the village is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

k) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

l) Non-Financial Assets

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

VILLAGE OF CHAUVIN

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

n. 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:

	YEARS
Buildings	35-50
Engineered structures - other	15-75
Engineered structures - water system	40-75
Engineered structures - wastewater system	25-75
Land improvements	20-40
Machinery and equipment	5-50
Vehicles	7-25

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

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

iii. Leases

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

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

v. Cultural and Historical Tangible Capital Assets

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

o) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to Canadian public sector accounting standards. The village will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently.

Financial Statement Presentation

PS1202, Financial Statement Presentation, will replace PS1201 and sets out the general and specific requirements of the presentation of financial information and is based on the concepts in the conceptual

VILLAGE OF CHAUVIN

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

2. CASH AND TERM DEPOSITS

	2025	2024
Term deposits are held at Vision Credit Union Limited and bear interest at 2.0% and are redeemable in 2026		
Included in cash and term deposits are amounts received from various grant funding programs that are held for use in accordance with the funding agreements. (Note 4)		
Canada Community Building Fund	-	10,762
Local Government Fiscal Framework	173,609	-
Federation of Canadian Municipalities	11,667	-
MD of Wainwright	-	60,607
	185,276	71,369
Other deferred revenue	8,925	8,816
Total restricted cash and term deposits	379,477	140,792

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	2025	2024
Current taxes and grants in place of taxes	18,835	35,709
Arrears taxes	33,606	58,133
Property held by the village as a result of tax forfeiture	83,710	41,450
	136,151	135,292
Less: allowance for doubtful accounts	25,648	19,118
	110,503	116,174

4. DEFERRED INCOME

Deferred income consists of the following:	2025	2024
Canada Community Building Fund	-	10,762
Local Government Fiscal Framework	173,609	-
Municipal District of Wainwright #61	-	60,607
Federation of Canadian Municipalities	11,667	21,667
Prepaid property taxes and utilities	17,599	10,749
Other deferred revenue	8,925	8,816
	211,800	112,601

VILLAGE OF CHAUVIN

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

5. EMPLOYEE BENEFIT OBLIGATIONS

	2025	2024
Vacation and overtime	4,075	2,364

Vacation and overtime: 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.

6. 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 Chauvin be disclosed as follows:

	2025	2024
Total debt limit	2,088,446	2,057,306
Total debt	-	-
Surplus debt limit	2,088,446	2,057,306
Debt servicing limit	348,074	342,884
Debt servicing	-	-
Surplus debt servicing	348,074	342,884

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, which 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.

7. EQUITY IN TANGIBLE CAPITAL ASSETS

	2025	2024
Tangible capital assets (Schedule 2)	10,568,835	9,998,054
Accumulated amortization (Schedule 2)	(4,897,478)	(4,621,134)
	5,671,357	5,376,920

VILLAGE OF CHAUVIN

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

8. ACCUMULATED SURPLUS

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

	<u>2025</u>	<u>2024</u>
Unrestricted surplus	<u>715,840</u>	<u>864,266</u>
Restricted surplus		
General	30,000	30,000
Fire department	311,456	274,924
Water system	154,312	142,100
Sewer system	171,890	159,678
Garbage collection	25,000	25,000
Recreation	411,060	372,859
Gas system	<u>512,943</u>	<u>500,731</u>
	<u>1,616,661</u>	<u>1,505,292</u>
Equity in tangible capital assets	<u>5,671,357</u>	<u>5,376,920</u>
	<u>8,003,858</u>	<u>7,746,478</u>

9. SEGMENTED DISCLOSURE

The Village of Chauvin 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 6)

VILLAGE OF CHAUVIN

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

10. SALARY AND BENEFITS DISCLOSURE

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

	2025			2024
	Salary	Benefits & Allowances	Total	Total
Donally	6,317	168	6,485	6,735
Dow	5,168	99	5,267	3,416
Prokopetz	3,931	26	3,957	2,720
Skinner	4,835	79	4,914	5,208
Snow	4,684	70	4,754	2,906
CAO	88,126	8,739	96,865	94,999
Designated Officer (1)	9,226	-	9,226	9,036

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.

11. CONTINGENCIES

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

VILLAGE OF CHAUVIN

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

12. FINANCIAL INSTRUMENTS

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

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

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

13. CONTAMINATED SITES LAIBILITY

The village did not identify any financial liabilities in the current or prior year as a result of contaminated sites.

14. COMPARITIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

15. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.