TOWN OF STAVELY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

TOWN OF STAVELY

DECEMBER 31, 2025

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TOWN OF STAVELY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements and other information contained in this Financial Report as of December 31, 2025 are the responsibility of the management of the Town of Stavely.

Management has prepared these consolidated financial statements. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

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

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

The elected Council of the Town of Stavely is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets regularly with management to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Council also approves the engagement or re-appointment of the external auditors. The Council reviews the financial reports.

The consolidated financial statements have been audited by Scase & Partner Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of Council, residents and ratepayers of the Town of Stavely. Scase & Partners has full and free access to Council.

X Ramona Whittingham

Mayor

X May 11/2026.

Date

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNCIL
TOWN OF STAVELY

We have audited the consolidated financial statements of the Town of Stavely, which comprise the consolidated statement of financial position for the year ended December 31, 2025 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards organizations and for such internal control as management determines is necessary to enable the preparation of the 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 Town's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Town's audit. We remain solely responsible for our audit opinion.

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.

The engagement partner on the audit resulting in this independent auditor's report is Darryl Scase

Scase & Partner

April 9, 2026
Calgary, Alberta

Chartered Professional Accountants

TOWN OF STAVELY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	$ 1,163,430	$ 1,431,895
Receivables:		
Taxes and grants in lieu of receivable (Note 3)	97,439	59,110
Due from other governments (Note 3)	632,958	365,101
Trade and other receivables (Note 3)	63,508	48,216
Land held for resale (Note 4)	435,112	531,080
	2,392,447	2,435,402
LIABILITIES		
Accounts payable and accrued liabilities	24,797	52,451
Deferred revenue and deposit liabilities (Note 7)	739,944	856,237
Asset retirement obligation (Note [1](m))	646,250	-
Long term debt (Note 6)	-	86,255
	1,410,991	994,943
NET FINANCIAL ASSETS	981,456	1,440,459
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2, Note 5)	6,314,123	5,556,987
	6,314,123	5,556,987
ACCUMULATED SURPLUS (Schedule 1, Note 11)	$ 7,295,579	$ 6,997,446

APPROVED:

X Ramona Whittingham **Mayor**

X ______________________ **Councilor**

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

	BUDGET (Unaudited)	2025	2024
REVENUE			
Net municipal taxes (Schedule 3)	$ 535,471	$ 547,556	$ 530,012
User fees and sales	330,796	384,752	319,036
Government transfers (Schedule 4)	116,718	116,827	168,474
Investment income	35,000	27,934	59,395
Franchise and concession contracts	54,000	66,626	43,739
Penalties and costs of taxes	11,500	23,867	12,797
Rentals	15,820	12,917	17,420
Licences and permits	8,800	9,975	9,712
Fines	350	208	350
Other revenue	1,700	26,286	3,673
Net gain on sale of capital assets	-	149,500	4,626
	1,110,155	1,366,448	1,169,234
EXPENSES			
Legislative	29,800	33,858	25,639
Administration	321,700	321,240	299,102
Fire and disaster	40,250	55,917	45,500
Bylaws enforcement	39,439	57,294	39,106
Common service	149,775	199,036	172,461
Roads, streets, walks, lighting	58,300	218,619	200,008
Water supply and distribution	130,600	201,904	244,093
Wastewater treatment and disposal	43,231	105,092	84,139
Waste management	116,035	138,591	113,066
Family and community support	66,675	71,494	79,286
Cemeteries	1,500	1,500	1,500
Land use, planning, zoning and development	500	1,491	1,942
Subdivision land development	-	486	10,417
Parks and recreation	72,600	96,861	75,886
Culture	12,250	11,994	10,206
	1,082,655	1,515,377	1,402,351
(SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	27,500	(148,929)	(233,117)
Government transfers for capital (Schedule 4)	-	447,062	354,443
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	27,500	298,133	121,326
ACCUMULATED SURPLUS, beginning of year	6,997,446	6,997,446	6,876,120
ACCUMULATED SURPLUS, end of year	$ 7,024,946	$ 7,295,579	$ 6,997,446

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2025

	BUDGET (Unaudited)	2025	2024
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	$ 27,500	$ 298,133	$ 121,326
Acquisition of tangible capital assets	(447,062)	(1,093,312)	(383,143)
Proceeds on disposal of tangible capital assets	-	149,500	30,000
Amortization of tangible capital assets	-	336,176	307,266
Loss (Gain) on sale of tangible capital assets	-	(149,500)	(4,626)
	(447,062)	(757,136)	(50,503)
INCREASE IN NET ASSETS	(419,562)	(459,003)	70,823
NET FINANCIAL ASSETS, beginning of year	1,440,459	1,440,459	1,369,636
NET FINANCIAL ASSETS, end of year	$ 1,020,897	$ 981,456	$ 1,440,459

The accompanying notes form an integral part of these financial statements

CONSOLIDATED 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 (shortfall) of revenues over expenses	$ 298,133	$ 121,326
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	336,176	307,266
(Gain) Loss on disposal of tangible capital assets	(149,500)	(4,626)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(38,328)	(31,762)
Decrease (increase) in trade and other receivables	(15,292)	31,554
Decrease (increase) in due from other governments	(267,857)	518,058
Decrease (increase) in land held for resale	95,968	-
Increase (decrease) in accounts payable and accrued liabilities	(27,654)	13,443
Increase (decrease) in asset retirement obligation	646,250	-
Increase (decrease) in deferred revenue	(116,294)	(38,763)
CASH PROVIDED BY OPERATING TRANSACTIONS	761,602	916,496
CAPITAL		
Acquisition of tangible capital assets	(1,093,312)	(383,143)
Sale of tangible capital assets	149,500	30,000
CASH APPLIED TO CAPITAL TRANSACTIONS	(943,812)	(353,143)
FINANCING		
Long-term debt repaid	(86,255)	(115,760)
CASH APPLIED TO FINANCING TRANSACTIONS	(86,255)	(115,760)
CHANGE IN CASH AND CASH EQUIVALENTS	(268,465)	447,593
CASH AND CASH EQUIVALENTS, beginning of year	1,431,895	984,302
CASH AND CASH EQUIVALENTS, end of year	$ 1,163,430	$ 1,431,895
CASH AND CASH EQUIVALENTS IS REPRESENTED BY:		
Cash and temporary investments (Note 2)	$ 1,163,430	$ 1,431,895
INTEREST EARNED ON INVESTMENTS	$ 27,934	$ 59,395

The accompanying notes form an integral part of these financial statements

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	$ 984,765	$ 455,694	$ 5,556,987	$ 6,997,446	$ 6,876,120
Excess (deficiency) of revenues over expenses	298,133	-	-	298,133	121,326
Unrestricted funds designated for future use	(71,704)	71,704	-	-	-
Current year funds used for tangible capital assets	(447,062)	-	447,062	-	-
Annual amortization expense	336,176	-	(336,176)	-	-
Change in accumulated surplus	115,543	71,704	110,886	298,133	121,326
BALANCE, end of year	$ 1,100,308	$ 527,398	$ 5,667,873	$ 7,295,579	$ 6,997,446

TOWN OF STAVELY

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2025

SCHEDULE 2

				ENGINEERED STRUCTURES						
	LAND	LAND IMPROVEMENT	BUILDINGS	ROADS AND STREETS	WATER SYSTEM	WASTE SYSTEM	MACHINERY AND EQUIPMENT	VEHICLES	2025	2024
COST:										
BALANCE, beginning of year	$ 1,022,643	$ 44,705	$ 1,551,207	$ 4,920,500	$ 3,657,180	$ 915,670	$ 638,538	$ 329,563	$ 13,080,006	$ 12,741,640
Acquisition of tangible capital assets	54,517	-	146,250	53,375	544,729	109,044	43,184	142,213	1,093,312	383,143
Disposal of tangible capital assets	-	-	(9,869)	-	-	-	-	(6,000)	(15,869)	(44,777)
BALANCE, end of year	1,077,160	44,705	1,687,588	4,973,875	4,201,909	1,024,714	681,722	465,776	14,157,449	13,080,006
ACCUMULATED AMORTIZATION:										
BALANCE, beginning of year	-	40,638	521,910	4,091,411	1,841,557	664,083	182,739	180,681	7,523,019	7,235,157
Annual amortization	-	1,627	9,991	151,175	73,707	16,541	46,900	36,235	336,176	307,265
Accum amortization on disposals	-	-	(9,869)	-	-	-	-	(6,000)	(15,869)	(19,403)
BALANCE, end of year	-	42,265	522,032	4,242,586	1,915,264	680,624	229,639	210,916	7,843,326	7,523,019
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	$ 1,077,160	$ 2,440	$ 1,165,556	$ 731,289	$ 2,286,645	$ 344,090	$ 452,083	$ 254,860	$ 6,314,123	$ 5,556,987
2024 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	$ 1,022,644	$ 4,067	$ 1,029,297	$ 829,089	$ 1,815,623	$ 251,586	$ 455,799	$ 148,882	$ 5,556,987	

SCHEDULE OF PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2025

SCHEDULE 3

	BUDGET (Unaudited)	2025	2024
TAXATION			
Real property taxes	$ 535,471	$ 785,896	$ 742,187
	535,471	785,896	742,187
REQUISITIONS			
Alberta School Foundation Fund	-	210,974	186,111
Seniors Lodge	-	27,366	26,064
	-	238,340	212,175
NET MUNICIPAL TAXES	$ 535,471	$ 547,556	$ 530,012

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

	BUDGET (Unaudited)	2025	2024
TRANSFERS FOR OPERATING:			
Provincial Government	$ 106,718	$ 106,127	$ 97,856
Other Local Governments	10,000	10,700	70,618
	116,718	116,827	168,474
TRANSFERS FOR CAPITAL:			
Provincial Government	-	447,062	354,443
	-	447,062	354,443
TOTAL GOVERNMENT TRANSFERS	$ 116,718	563,889	522,917

TOWN OF STAVELY

SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED DECEMBER 31, 2025

SCHEDULE 5

	BUDGET (Unaudited)	2025	2024
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	$ 546,990	$ 556,639	$ 525,375
Amortization of tangible capital assets	-	336,176	307,266
Materials, goods and utilities	170,350	190,031	228,598
Contracted and general services	293,765	347,497	263,881
Interest on long-term debt	-	486	10,417
Transfers to local boards and agencies	38,750	51,819	36,661
Purchases from other governments	30,800	30,157	28,175
Bank charges and short-term interest	2,000	2,572	1,978
	$ 1,082,655	1,515,377	$ 1,402,351

TOWN OF STAVELY

SCHEDULE OF SEGMENTED DISCLOSURE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2025

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	$ 547,556	$ -	$ -	$ -	$ -	$ -	$ -	$ 547,556
Government transfers	89,235	-	58,717	-	70,015	345,922	-	563,889
User fees and sales	32,951	25,378	-	-	29,094	297,329	-	384,752
Investment income	27,934	-	-	-	-	-	-	27,934
Other revenues	100,264	4,888	-	15,403	17,699	1,625	149,500	289,379
	797,940	30,266	58,717	15,403	116,808	644,876	149,500	1,813,510
EXPENSES								
Contract & general services	120,057	69,469	57,499	4,683	3,456	89,230	3,100	347,494
Salaries and wages	309,796	1,861	88,724	-	26,290	129,968	-	556,639
Goods and supplies	25,526	6,556	73,052	-	24,520	60,351	-	190,005
Transfers to local boards	-	2,728	-	-	47,591	-	1,500	51,819
Long-term debt interest	-	486	-	-	-	-	-	486
Other expenses	2,569	10,832	-	-	-	19,357	-	32,758
	457,948	91,932	219,275	4,683	101,857	298,906	4,600	1,179,201
NET REVENUE BEFORE AMORTIZATION	339,992	(61,666)	(160,558)	10,720	14,951	345,970	144,900	634,309
Amortization	(4,916)	15,545	194,106	-	4,416	127,025	-	336,176
NET REVENUE	$ 344,908	$ (77,211)	$ (354,664)	$ 10,720	$ 10,535	$ 218,945	$ 144,900	$ 298,133

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Stavely are the representations of management prepared in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the town are as follows:

(a) Reporting Entity

The consolidated 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 town and are therefore, accountable to the Town 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.

(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.

(c) 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.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Investments

Investments are recorded at 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.

(e) 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 (Debt) for the year.

i. Tangible Capital Assets

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

Land Improvements	15-25 years
Buildings	25-50 years
Engineered Structures	
Water System	35-75 years
Wastewater system	35-75 years
Other engineered structures	15-40 years
Machinery and equipment	5-40 years
Vehicles	3-20 years

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 assets are 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. Inventories

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the municipality.

Where a taxpayer has elected to repay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by the amount equal to the debt repayment.

(g) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

(h) Reserves for Future Expenditures

Reserves are established at the discretion of council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the applicable fund.

(i) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures 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.

(j) Fund Accounting

Entity funds consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Principal payments on debt are recorded as an increase in the capital fund and debt interest payments are recorded as operating fund expenditure. Proceeds from sales of land held for resale are recorded as operating fund revenues

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(k) Requisition Over-levies and Under-levies

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.

(l) Liability for contamination of sites.

Contaminated sites are result of pollutants being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism nature that exceeds the maximum acceptable concentrations under environmental standards. This standard relates to sites that are both in productive use and or not in productive use. A liability for remediation of contamination town is directly responsible or accepts responsibility

d sites is recognized when all of the following criteria is met:

- an environmental standard exists
- contamination exceeds the environmental standard
- the town expects that future economic benefits may be reduced or eliminated
- a reasonable estimate of the amount can be made

The town has determined that all of the above criteria have not been met and as such no amounts have been accrued.

(m) Asset Retirement Obligation (ARO).

The Town is required to recognize an asset retirement obligation (ARO) in accordance with Public Sector Accounting Standard PS 3280 – Asset Retirement Obligations. An ARO is recognized when there is a legal obligation associated with the retirement of a tangible capital asset and a reasonable estimate of the amount can be made.

The Town was required to adopt this standard for the December 31, 2025, year-end.The ARO is initially measured at the best estimate of the expenditures required to settle the present obligation at the financial reporting date. This amount would be capitalized as part of the carrying amount of the related tangible capital asset and amortized over its useful life. The ARO liability would subsequently be adjusted for the passage of time, which would be recognized as accretion expense in the statement of operations. Revisions to the estimated timing or amount of the obligation would be recognized as adjustments to the carrying amount of the liability and the related asset. Actual costs incurred to settle the obligation would be charged against the liability.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(m) Asset Retirement Obligation (ARO).(Continued)

Any difference between the recorded liability and the actual cost incurred would be recognized in the statement of operations in the period the retirement activity is completed.

As at December 31, 2024, the Town has recorded $500,000 ARO liability for Old water plant and $146,250 for Town office building. Accretion and amortization would be applied from 2026 year end.

2. CASH AND BANK FACILITY

Cash and temporary investments

	2025	2024
Cash	$ 589,246	$ 922,652
Temporary investments	574,184	509,243
	1,163,430	1,431,895
Less restricted Restricted funds for other than current use	(640,095)	(954,869)
Unrestricted cash	$ 523,335	$ 477,026

Short-term notes and deposits have effective interest rates of 0.050% to 2.45% (Average - 1.43%) and mature in less than one year.

Bank operating credit facility

The Town of Stavely has established a demand operating revolving credit facility to a maximum of $488,000 and a non-revolving reducing credit facility for $86,255. Interest is charged on the outstanding balance at prime bank rate plus 1.00% and is payable on the last day of each month. Advances and repayments are in increments of $10,000. Security for the operating facility is by way of a bylaw passed by the Town of Stavely and a general security agreement over the assets of the Town. The Town does not have an outstanding balance at year end.

The town has a ATB Mastercard with a limit of $12,000. Outstanding balances will bear interest at prime plus 2.0% Security is the same as the operating credit facility.

3. RECEIVABLES

Property taxes	2025	2024
Current taxes and grants in place of taxes	$ 90,952	$ 51,717
Arrears taxes	6,487	7,393
	97,439	59,110
Less: allowance for doubtful accounts	-	-
	$ 97,439	$ 59,110
Due from other governments		
GST	$ 5,709	$ 8,040
Grants	627,249	357,061
	$ 632,958	$ 365,101
Trade and other receivables	$ 63,508	$ 48,216

4. INVENTORY

Land held for resale

Inventory is comprised of a parcels of land purchased by the Town in 2018 and in 2021 for future subdivision purposes. The land is recorded at the lower of cost or net realizable value. The cost includes the original purchase price and incidental costs expended by the Town during the balance of the year. 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. The land is recorded as a financial asset as it meets the requirements for such classification under the public sector standards.

5. TANGIBLE CAPITAL ASSETS

NET BOOK VALUE	2025	2024
Land	$ 1,077,160	$ 1,022,643
Land Improvements	2,440	4,067
Buildings	1,165,555	1,029,297
Engineered Structures		
Roadway system	731,289	829,089
Water distribution system	2,286,645	1,815,623
Wastewater treatment system	344,090	251,587
Machinery, equipment and furnishings	452,083	455,799
Vehicles	254,861	148,882
	$ 6,314,123	$ 5,556,987

6. LONG-TERM DEBT

	2025	2024
Tangible capital asset term loans		
Other term loans		
1. ATB Financial term loan	$ -	$ 86,255

7. DEFERRED REVENUE AND DEPOSIT LIABILITIES

	2025	2024
Unearned income		
MSI grant capital	$ 254,439	$ 438,112
CCBF	218,370	264,266
LGFF	233,836	129,995
	706,645	832,373
Prepaid income	33,299	23,864
	$ 739,944	$ 856,237

8. SALARY AND BENEFITS DISCLOSURE

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

	2025			2024
	Salary	Benefits and Allowances	Total	Total
Councillors:				
J. Binmore	$ 4,525	$ -	$ 4,525	$ 3,875
D. Gugala	3,825	-	3,825	2,825
G. Hall	3,025	-	3,025	3,650
T. Hill	1,000	-	1,000	-
T. Martin	3,475	-	3,475	2,975
D. Norby	5,200	-	5,200	3,675
M. Varey	3,350	-	3,350	3,150
R. Whittingham	4,800	-	4,800	3,400
B. Elliott	925	-	925	-
Chief Administrative Officer	92,680	17,762	110,442	103,522
Designated officers	32,814	-	32,814	30,569

8. SALARY AND BENEFITS DISCLOSURE, continued

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

9. 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 Town of Stavely be disclosed as follows:

	2025	2024
Total debt limit	$ 2,049,672	$ 1,753,851
Total debt	-	(86,255)
Amount of debt limit available (exceeded).	$ 2,049,672	$ 1,667,596

	2025	2024
Debt servicing limit	$ 341,612	$ 292,309
Debt servicing	-	(20,075)
Amount of debt servicing limit available (exceeded).	$ 341,612	$ 272,234

The debt limit is calculated as 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.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2025	2024
Tangible capital assets (Schedule 2)	$14,157,449	$13,080,006
Accumulated amortization (Schedule 2)	(7,843,326)	(7,523,019)
Net book value	6,314,123	5,556,987
Asset retirement obligation present value	(646,250)	-
	$ 5,667,873	$ 5,556,987

11. ACCUMULATED SURPLUS

	2025	2024
Unrestricted surplus	$ 1,100,308	$ 984,765
Restricted surplus		
Water reserve	35,000	30,397
FCSS reserve	10,000	3,505
Joint facility reserve	100,000	95,586
Park reserve	51,400	33,867
Contingency reserve	160,000	153,301
Operating reserve	30,000	23,724
Capital reserve	60,000	35,914
Lagoon reserve	45,000	43,900
Office equipment	4,400	4,400
Fire department	6,600	6,600
Recycling	25,000	24,500
Total restricted surplus	527,400	455,694
Equity in tangible capital assets	5,667,873	5,556,987
	$ 7,295,581	$ 6,997,446

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the 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 Town 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.

Total current service contributions by the Town to the LAPP in 2025 were $30,284.48 (2024 - $29,072.87). Total current service contributions by the employees of the Town to the LAPP in 2025 were $26,778.82, (2024 - $25,717.53).

At December 31, 2024, which is the most recent actuarial assessment, the LAPP disclosed an actuarial surplus of $19.5 billion.

13. COMMITMENTS

Financial software

The Town purchased financial inhouse operating software from Muniware. The cost of the software, annual support and ongoing training as necessary has been termed out over a three year period with Muniware from January 1, 2026 to December 31, 2029 at an annual fee.

Community Peace Office Services

Services provided include enforcement of provincial legislation within the boundaries of the town. The agreement is with the Municipal District of Willow Creek No 26 and covers a term starting January 1, 2025 to December 31, 2027.

Benchmark Assessments Consultants Inc.

The services provided are for the supply of assessment services for the Town on all properties that include residential and commercial properties. The agreement is for a period beginning January 1, 2023 to December 31, 2027 with fees for services based on an agreed upon schedule.

Ainsworth Inc.

The services provided are for HVAC services to the Town. The agreement is for a period beginning November 1, 2025 to October 31, 2028 with an annual fee for service that is paid on a semi-annual basis.

Intermunicipal recreation agreement

The recreation is between 4 towns and the Municipal District of Willow Creek No 26. It is an agreement for the support of local recreation facilities and to ensure there is sufficient funding to operate and maintain the facilities. There is an annual fee levied in support of the community programs.

The commitment of this costs is as follows:

2026	$ 104,374
2027	$ 106,050
2028	$ 107,330

14. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable, deposit liabilities, accrued liabilities, and long-term debt. It is management's opinion that the town is not exposed to significant interest or currency risk arising from their financial instruments. Financial instruments that are traded on an exchange are reported at fair market value at the reporting date. The adjustment to fair value at the reporting period is reported as an unrealized gain or loss in the statement of operations. All other financial instruments are reported at amortized cost unless there is a permanent decline in value at which time the adjustment to fair value is recorded as an unrealized loss in the statement of operations.

14 FINANCIAL INSTRUMENTS

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

The Town is subject to interest rate risk as some of their bank indebtedness has a floating rate of interest.

Unless otherwise noted, the stated of these financial instruments approximate fair value.

15. SEGMENTED DISCLOSURE

The Town of Stavely 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.

16. COMPARATIVE INFORMATION

Certain 2024 comparative information may have been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

17. ROUNDING

Certain schedule balances may not add due to formula rounding

18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.