

TOWN OF STAVELY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

TOWN OF STAVELY

DECEMBER 31, 2023

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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, 2023 are the responsibility of the management of the Town of Stavelly.

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 Stavelly 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 Stavelly's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town of Stavelly 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.

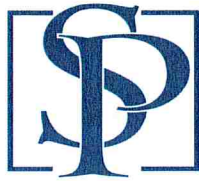
The consolidated financial statements have been audited by Scase & Partner Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of Council, residents and ratepayers of the Town of Stavelly. Scase & Partners has full and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



Mayor



Date



SCASE & PARTNER

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNCIL TOWN OF STAVELY

We have audited the consolidated financial statements of the Town of Stavelly, which comprise the consolidated statement of financial position for the year ended December 31, 2023 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 Stavelly as at December 31, 2023, 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 Stavelly 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.

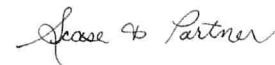
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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

April 8, 2024
Calgary, Alberta



Chartered Professional Accountants

TOWN OF STAVELY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 984,298	\$ 1,173,271
Receivables:		
Taxes and grants in lieu of receivable (Note 3)	27,348	115,103
Trade and other receivables (Note 3)	79,771	55,268
Due from other governments (Note 3)	883,160	755,118
Land held for resale (Note 4)	531,080	435,112
	<u>2,505,657</u>	<u>2,533,872</u>
LIABILITIES		
Accounts payable and accrued liabilities	39,006	36,641
Deferred revenue and deposit liabilities (Note 7)	894,999	1,027,518
Long term debt (Note 6)	202,015	240,715
	<u>1,136,020</u>	<u>1,304,874</u>
NET FINANCIAL ASSETS	<u>1,369,637</u>	<u>1,228,998</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2, Note 5)	5,506,483	5,505,418
	<u>5,506,483</u>	<u>5,505,418</u>
ACCUMULATED SURPLUS (Schedule 1, Note 11)	<u>\$ 6,876,120</u>	<u>\$ 6,734,416</u>

APPROVED:

 Mayor
 Councilor

The accompanying notes form an integral part of these financial statements

TOWN OF STAVELY

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2023

	BUDGET (Unaudited)	2023	2022
REVENUE			
Net municipal taxes (Schedule 3)	\$ 484,000	\$ 479,679	\$ 447,581
User fees and sales	301,000	313,710	308,735
Government transfers (Schedule 4)	93,039	111,958	88,599
Investment income	20,000	60,179	25,618
Franchise and concession contracts	56,000	49,197	62,013
Penalties and costs of taxes	19,500	34,993	24,538
Rentals	9,000	16,402	10,448
Licences and permits	7,500	8,033	9,742
Fines	-	41	450
Other revenue	-	2,760	4,067
Net gain on sale of capital assets	-	8,957	1,000
	990,039	1,085,909	982,791
EXPENSES			
Legislative	16,500	17,535	16,160
Administration	261,766	259,770	213,743
Fire and disaster	28,650	46,560	55,993
Bylaws enforcement	30,169	29,541	24,245
Common service	107,214	130,176	133,060
Roads, streets, walks, lighting	71,500	216,311	211,360
Water supply and distribution	133,788	183,672	175,277
Wastewater treatment and disposal	24,049	43,199	46,569
Waste management	109,726	108,953	95,325
Family and community support	68,626	74,285	60,540
Cemeteries	750	750	750
Land use, planning, zoning and development	9,500	11,521	13,913
Subdivision land development	12,500	16,994	12,006
Parks and recreation	53,086	70,737	66,945
Culture	10,814	8,153	13,010
	938,638	1,218,157	1,138,896
(SHORTFALL) OF REVENUE OVER EXPENSES			
- BEFORE OTHER	51,401	(132,248)	(156,105)
Government transfers for capital (Schedule 4)	-	273,952	141,231
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES			
	51,401	141,704	(14,874)
ACCUMULATED SURPLUS , beginning of year	6,734,416	6,734,416	6,749,290
ACCUMULATED SURPLUS , end of year	\$ 6,785,817	\$ 6,876,120	\$ 6,734,416

The accompanying notes form an integral part of these financial statements

TOWN OF STAVELY

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT) FOR THE YEAR ENDED DECEMBER 31, 2023

	BUDGET (Unaudited)	2023	2022
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	\$ 51,401	\$ 141,704	\$ (14,874)
Acquisition of tangible capital assets	(263,868)	(316,051)	(141,345)
Proceeds on disposal of tangible capital assets	-	42,101	7,001
Amortization of tangible capital assets	-	281,844	280,869
Loss (Gain) on sale of tangible capital assets	-	(8,957)	(1,000)
	(263,868)	(1,063)	145,525
INCREASE IN NET ASSETS	(212,467)	140,641	130,651
NET FINANCIAL ASSETS, beginning of year	1,228,996	1,228,996	1,098,345
NET FINANCIAL ASSETS, end of year	\$ 1,016,529	\$ 1,369,637	\$ 1,228,996

The accompanying notes form an integral part of these financial statements

TOWN OF STAVELY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (shortfall) of revenues over expenses	\$ 141,704	\$ (14,874)
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	281,844	280,869
(Gain) Loss on disposal of tangible capital assets	(8,957)	(1,000)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	87,755	(82,786)
Decrease (increase) in trade and other receivables	(24,503)	(5,964)
Decrease (increase) in due from other governments	(128,043)	(148,509)
Decrease (increase) in land held for resale	(95,969)	-
Decrease (increase) in prepaid expenses	-	-
Increase (decrease) in accounts payable and accrued liabilities	2,367	10,234
Increase (decrease) in deferred revenue	(132,520)	20,278
CASH PROVIDED BY OPERATING TRANSACTIONS	123,678	58,248
CAPITAL		
Acquisition of tangible capital assets	(316,051)	(141,345)
Sale of tangible capital assets	42,101	7,001
CASH APPLIED TO CAPITAL TRANSACTIONS	(273,950)	(134,344)
FINANCING		
Long-term debt repaid	(38,700)	(38,700)
CASH APPLIED TO FINANCING TRANSACTIONS	(38,700)	(38,700)
CHANGE IN CASH AND CASH EQUIVALENTS	(188,972)	(114,796)
CASH AND CASH EQUIVALENTS, beginning of year	1,173,269	1,288,065
CASH AND CASH EQUIVALENTS, end of year	\$ 984,297	\$ 1,173,269
CASH AND CASH EQUIVALENTS IS REPRESENTED BY:		
Cash and temporary investments (Note 2)	\$ <u>984,298</u>	\$ <u>1,173,271</u>
INTEREST EARNED ON INVESTMENTS	\$ <u>60,179</u>	\$ <u>25,618</u>
INTEREST PAID ON LONG-TERM DEBT	\$ <u>16,994</u>	\$ <u>12,006</u>

The accompanying notes form an integral part of these financial statements

TOWN OF STAVELY

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2023 SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022
BALANCE, beginning of year	\$ 820,720	\$ 505,993	\$ 5,407,703	\$ 6,734,416	\$ 6,749,290
Excess (deficiency) of revenues over expenses	141,704	-	-	141,704	(14,874)
Unrestricted funds designated for future use	(8,200)	8,200	-	-	-
Current year funds used for tangible capital assets	(316,051)	-	316,051	-	-
Disposal of tangible capital assets	33,143	-	(33,143)	-	-
Annual amortization expense	281,844	-	(281,844)	-	-
Capital long term debt (decrease) increase	(27,700)	-	27,700	-	-
Change in accumulated surplus	104,740	8,200	28,764	141,704	(14,874)
BALANCE, end of year	\$ 925,460	\$ 514,193	\$ 5,436,467	\$ 6,876,120	\$ 6,734,416

TOWN OF STAVELY

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 2

ENGINEERED STRUCTURES

		LAND	LAND IMPROVEMENT	BUILDINGS	ROADS AND STREETS	WATER SYSTEM	WASTE SYSTEM	MACHINERY AND EQUIPMENT	VEHICLES	2023	2022
COST:											
BALANCE, beginning of year	\$	980,579	44,705	1,507,672	4,823,718	3,570,623	889,163	453,853	234,189	\$ 12,504,502	\$ 12,380,888
Acquisition of tangible capital assets		-	-	28,166	33,102	57,857	26,507	170,419	-	316,051	141,345
Construction -in-progress		-	-	-	-	-	-	(78,913)	-	(78,913)	-
Disposal of tangible capital assets		-	-	-	-	-	-	-	-	-	(17,730)
BALANCE, end of year		<u>980,579</u>	<u>44,705</u>	<u>1,535,838</u>	<u>4,856,820</u>	<u>3,628,480</u>	<u>915,670</u>	<u>545,359</u>	<u>234,189</u>	<u>12,741,640</u>	<u>12,504,502</u>
ACCUMULATED AMORTIZATION:											
BALANCE, beginning of year		-	37,385	485,632	3,807,162	1,710,193	637,882	189,259	131,570	6,999,083	6,729,945
Annual amortization		-	1,627	17,550	140,772	63,879	11,775	24,819	21,422	281,844	280,869
Accum amortization on disposals		-	-	-	-	-	-	(45,770)	-	(45,770)	(11,730)
BALANCE, end of year		<u>-</u>	<u>39,012</u>	<u>503,182</u>	<u>3,947,934</u>	<u>1,774,072</u>	<u>649,657</u>	<u>168,308</u>	<u>152,992</u>	<u>7,235,157</u>	<u>6,999,084</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS		<u>\$ 980,579</u>	<u>\$ 5,693</u>	<u>\$ 1,032,656</u>	<u>\$ 908,886</u>	<u>\$ 1,854,408</u>	<u>\$ 266,013</u>	<u>\$ 377,051</u>	<u>\$ 81,197</u>	<u>\$ 5,506,483</u>	<u>\$ 5,505,418</u>
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS		<u>\$ 980,580</u>	<u>\$ 7,320</u>	<u>\$ 1,022,040</u>	<u>\$ 1,016,556</u>	<u>\$ 1,860,429</u>	<u>\$ 251,280</u>	<u>\$ 264,594</u>	<u>\$ 102,619</u>	<u>\$ 5,505,418</u>	<u>\$ 5,505,418</u>

TOWN OF STAVELY

SCHEDULE OF PROPERTY AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 3

	BUDGET		
	(Unaudited)	2023	2022
TAXATION			
Real property taxes	\$ 484,000	\$ 678,568	\$ 641,480
	484,000	678,568	641,480
REQUISITIONS			
Alberta School Foundation Fund	-	177,380	177,417
Seniors Lodge	-	21,509	16,482
	-	198,889	193,899
NET MUNICIPAL TAXES	\$ 484,000	\$ 479,679	\$ 447,581

TOWN OF STAVELY

SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 4

	BUDGET (Unaudited)	2023	2022
TRANSFERS FOR OPERATING:			
Provincial Government	\$ 93,039	\$ 96,258	\$ 77,899
Other Local Governments	-	15,700	10,700
	93,039	111,958	88,599
TRANSFERS FOR CAPITAL:			
Provincial Government	-	273,952	141,231
	-	273,952	141,231
TOTAL GOVERNMENT TRANSFERS	\$ 93,039	385,910	229,830

TOWN OF STAVELY

SCHEDULE OF EXPENSES BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 5

	BUDGET		
	(Unaudited)	2023	2022
CONSOLIDATED EXPENDITURES BY OBJECT			
Salaries, wages and benefits	\$ 456,424	\$ 460,980	\$ 384,216
Amortization of tangible capital assets	-	281,844	280,869
Materials, goods and utilities	179,150	186,563	183,848
Contracted and general services	239,587	220,765	218,292
Interest on long-term debt	12,500	16,994	12,006
Transfers to local boards and agencies	22,064	21,403	32,410
Purchases from other governments	28,013	28,589	26,409
Bank charges and short-term interest	900	1,019	846
	\$ 938,638	1,218,157	\$ 1,138,896

TOWN OF STAVELY

SCHEDULE OF SEGMENTED DISCLOSURE STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2023 SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning and Development	Recreation and Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 479,679	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 479,679
Government transfers	315,243	-	-	-	5,700	64,968	-	385,911
User fees and sales	12,699	-	-	-	10,465	290,545	-	313,709
Investment income	60,179	-	-	-	-	-	-	60,179
Other revenues	88,265	3,756	-	17,825	-	1,580	8,957	120,383
	956,065	3,756	-	17,825	16,165	357,093	8,957	1,359,861
EXPENSES								
Contract & general services	81,489	41,942	17,853	15,962	629	62,274	618	220,767
Salaries and wages	239,265	2,397	78,613	-	39,103	101,602	-	460,980
Goods and supplies	33,493	380	84,475	-	13,048	55,167	-	186,563
Transfers to local boards	-	-	-	-	20,653	-	750	21,403
Long-term debt interest	-	10,146	-	6,848	-	-	-	16,994
Other expenses	1,017	9,077	-	-	-	19,512	-	29,606
	355,264	63,942	180,941	22,810	73,433	238,555	1,368	936,313
NET REVENUE BEFORE AMORTIZATION	600,801	(60,186)	(180,941)	(4,985)	(57,268)	118,538	7,589	423,548
Amortization	2,687	21,464	163,902	-	4,757	89,034	-	281,844
NET REVENUE	\$ 598,114	\$ (81,650)	\$ (344,843)	\$ (4,985)	\$ (62,025)	\$ 29,504	\$ 7,589	\$ 141,704

TOWN OF STAVELY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Stavelly 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.

TOWN OF STAVELY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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.

TOWN OF STAVELY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

TOWN OF STAVELY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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.

2. CASH AND BANK FACILITY

Cash and temporary investments

	<u>2023</u>	<u>2022</u>
Cash	\$ 434,555	\$ 652,810
Temporary investments	<u>549,743</u>	<u>520,460</u>
	984,298	1,173,270
Less restricted Restricted funds for other than current use	<u>(540,711)</u>	<u>(784,161)</u>
Unrestricted cash	<u>\$ 443,587</u>	<u>\$ 389,109</u>

TOWN OF STAVELY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

2. CASH AND BANK FACILITY, continued

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 \$100,000. 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 \$8,000. Outstanding balances will bear interest at prime plus 2.0% Security is the same as the operating credit facility.

3. RECEIVABLES

<u>Property taxes</u>	<u>2023</u>	<u>2022</u>
Current taxes and grants in place of taxes	\$ 24,037	\$ 113,941
Arrears taxes	<u>3,311</u>	<u>1,162</u>
	27,348	115,103
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
	<u>\$ 27,348</u>	<u>\$ 115,103</u>
<u>Due from other governments</u>		
GST	\$ 14,679	\$ 5,768
Grants	<u>868,481</u>	<u>749,350</u>
	<u>\$ 883,160</u>	<u>\$ 755,118</u>
<u>Trade and other receivables</u>	<u>\$ 79,771</u>	<u>\$ 55,268</u>

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.

TOWN OF STAVELY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

5. TANGIBLE CAPITAL ASSETS

NET BOOK VALUE	<u>2023</u>	<u>2022</u>
Land	\$ 980,579	\$ 980,579
Land Improvements	5,693	7,320
Buildings	1,032,656	1,022,040
Engineered Structures		
Roadway system	908,886	1,016,556
Water distribution system	1,854,408	1,860,430
Wastewater treatment system	266,013	251,281
Machinery, equipment and furnishings	377,051	264,593
Vehicles	<u>81,197</u>	<u>102,619</u>
	<u>\$ 5,506,483</u>	<u>\$ 5,505,418</u>

6. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Tangible capital asset term loans		
1. ATB Financial term loan	\$ 22,915	\$ 34,915
2. ATB Financial term loan	<u>47,100</u>	<u>62,800</u>
	70,015	97,715
Other term loans		
3. ATB Financial term loan	<u>132,000</u>	<u>143,000</u>
	<u>\$ 202,015</u>	<u>\$ 240,715</u>
Current Portion	<u>\$ 38,700</u>	<u>\$ 38,700</u>

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 38,700	\$ 15,151	\$ 53,851
2025	37,615	12,060	49,675
2026	26,700	9,428	36,128
2027	11,000	7,425	18,425
2028	11,000	6,600	17,600
Thereafter	<u>77,000</u>	<u>17,325</u>	<u>94,325</u>
	<u>\$ 202,015</u>	<u>\$ 67,989</u>	<u>\$ 270,004</u>

1. ATB Financial Term loan repayable annually with a principal payment of \$12,000 plus interest calculated at prime plus 0.30%. Amortization of the loan is over 25 years with a term of 10 years. Due 2025 The loan is issued on the credit and security of the Town of Stavely at large.

TOWN OF STAVELY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

6. LONG-TERM DEBT, continued

2. ATB Financial loan repayable annually with a principal payment of \$15,700 plus interest calculated at prime plus 0.30%. Amortization of the loan is over 10 years and due 2026. The loan is issued on the credit and security of the Town of Stavely at large.

3. ATB Financial loan repayable annually with a principal payment of \$11,000 plus interest calculated at prime plus 0.30%. Amortization of the loan is over 15 years and due 2036. The loan is issued on the credit and security of the Town of Stavely at large.

All ATB Financial loans are due on demand. ATB Financial has indicated however, that they will accept monthly payments on the term non revolving loans. All ATB Financial banking facilities are subject to annual review.

7. DEFERRED REVENUE AND DEPOSIT LIABILITIES

	<u>2023</u>	<u>2022</u>
Unearned income		
MSI grant capital	649,108	765,200
CCBF	221,754	224,838
Other	-	374
	870,862	990,412
Prepaid income	24,138	37,106
	<u>\$ 895,000</u>	<u>\$ 1,027,518</u>

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:

	<u>2023</u>		<u>2022</u>	
	<u>Salary</u>	<u>Benefits and Allowances</u>	<u>Total</u>	<u>Total</u>
<u>Councillors:</u>				
J. Binmore	2,585	-	2,585	2,430
D. Gugala	2,000	-	2,000	1,855
G. Hall	2,550	-	2,550	2,200
T. Martin	2,125	-	2,125	1,800
D. Norby	2,450	-	2,450	2,275
M. Varey	2,015	-	2,015	2,150
R. Whittingham	2,285	-	2,285	2,100
Chief Administrative Officer	72,589	15,053	87,642	88,587
Designated officers	29,541	-	29,541	24,245

TOWN OF STAVELY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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:

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 1,628,864	\$ 1,543,041
Total debt	<u>(202,015)</u>	<u>(240,715)</u>
Amount of debt limit available (exceeded).	<u>\$ 1,426,849</u>	<u>\$ 1,302,326</u>

	<u>2023</u>	<u>2022</u>
Debt servicing limit	\$ 271,477	\$ 257,174
Debt servicing	<u>(53,851)</u>	<u>(46,384)</u>
Amount of debt servicing limit available (exceeded).	<u>\$ 217,626</u>	<u>\$ 210,790</u>

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

	<u>2023</u>	<u>2022</u>
Tangible capital assets (Schedule 2)	\$12,741,640	\$12,504,502
Accumulated amortization (Schedule 2)	<u>(7,235,157)</u>	<u>(6,999,084)</u>
Net book value	5,506,483	5,505,418
Long-term debt (Note 6)	<u>(70,015)</u>	<u>(97,715)</u>
	<u>\$ 5,436,468</u>	<u>\$ 5,407,703</u>

TOWN OF STAVELY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

11. ACCUMULATED SURPLUS

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	\$ <u>925,460</u>	\$ <u>820,720</u>
Restricted surplus		
Water reserve	30,397	30,396
FCSS reserve	3,505	3,505
Joint facility reserve	95,586	95,586
Park reserve	33,867	33,867
Contingency reserve	224,301	224,301
Operating reserve	13,724	8,024
Capital reserve	35,914	33,414
Lagoon reserve	41,400	41,400
Office equipment	4,400	4,400
Fire department	6,600	6,600
Recycling	<u>24,499</u>	<u>24,500</u>
Total restricted surplus	<u>514,193</u>	<u>505,993</u>
Equity in tangible capital assets	<u>5,436,467</u>	<u>5,407,703</u>
	<u>\$ 6,876,120</u>	<u>\$ 6,734,416</u>

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 12.23% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2023 were \$25,444.23 (2022 - \$19,339.42). Total current service contributions by the employees of the Town to the LAPP in 2023 were \$22,752.13, (2022 - \$17,243.90).

At December 31, 2022, which is the most recent actuarial assessment, the LAPP disclosed an actuarial surplus of \$12.7 billion.

13. COMMITMENTS

Financial software

The Town purchased financial inhouse operating software from MuniSight. 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, 2023 to December 31, 2025 at an annual fee.

TOWN OF STAVELY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

13. COMMITMENTS, continued

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, 2022 to December 31, 2024.

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, 2022 to October 31, 2025 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:

2024	\$ 57,923
2025	\$ 49,635
2026	\$ 31,863
2027	\$ 13,330

14. CONTINGENCIES

The Town has an Alberta Business Master Card with a limit of \$8,000. The interest on an outstanding balance is calculated a prime bank rate plus 2% per annum. Security is provided for by the Town through its borrowing bylaw and a general security agreement over the assets of the Town.

15. 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.

TOWN OF STAVELY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

15 FINANCIAL INSTRUMENTS, continued

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.

16. 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.

17. COMPARATIVE INFORMATION

Certain 2022 comparative information has been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

18. ROUNDING

Certain schedule balances may not add due to formula rounding

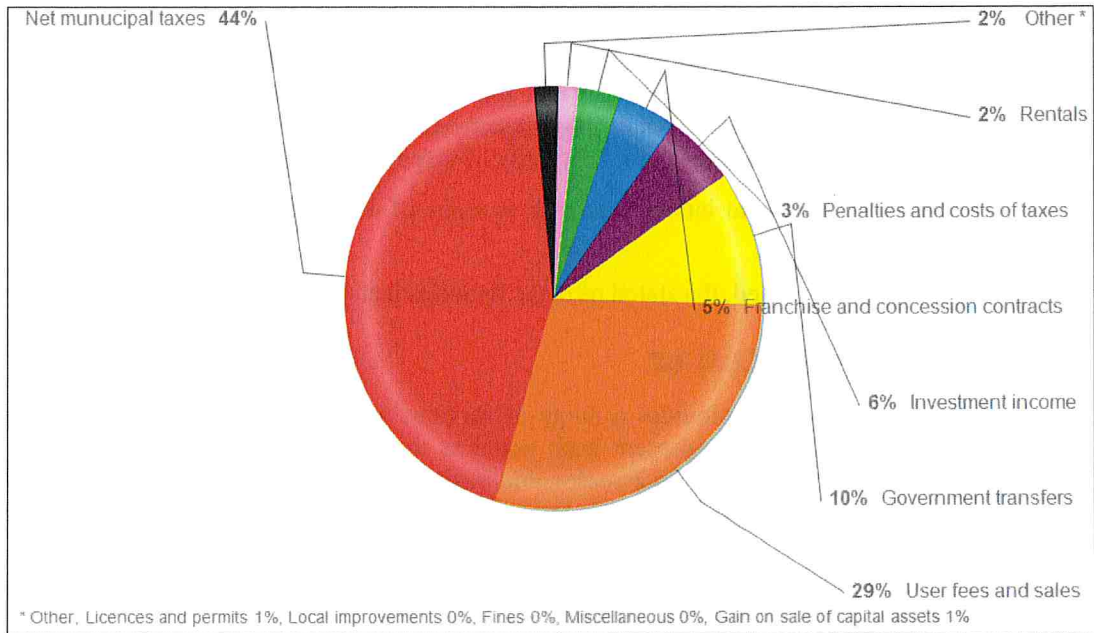
19. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

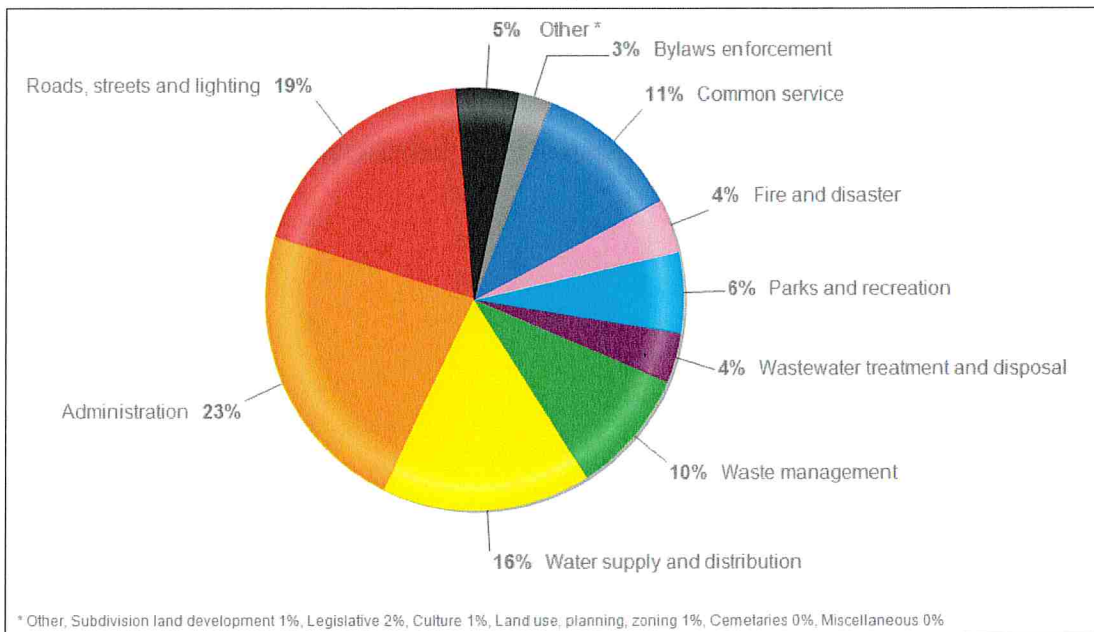
TOWN OF STAVELY

DECEMBER 31, 2023

Revenue
Current year



Expenses by function
Current year



TOWN OF STAVELY

DECEMBER 31, 2023

Expenses by object

Current year

