VILLAGE OF RYLEY

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

VILLAGE OF RYLEY

DECEMBER 31, 2025

CONTENTS

VILLAGE OF RYLEY

DECEMBER 31, 2025

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

The Village Council carries out its responsibilities for review of the consolidated financial statements principally through its regular meetings of Council. Council meets regularly with management and with external auditors to discuss the results of audit examinations and financial reporting matters.

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

The consolidated financial statements have been audited by Doyle & Company, Chartered Professional Accountants, independent external auditors appointed by the Village. The accompanying Independent Auditor's Report outline their responsibilities, the scope of their examination and their opinions on the Village's consolidated financial statements.

Chief Administrative Officer

Glen Hamilton-Brown
Chief Administrative Officer (CAO)
Village of Ryley

Date: July 7, 2026
Village of Ryley

DOYLE & COMPANY
CHARTERED PROFESSIONAL ACCOUNTANTS

Edward Cheung, CPA, CA*
Scott T. Mockford, CPA, CA*
Steven M. Kim, CPA*
Jason Bondarevich, CPA, CA*
*Operates as a Professional Corporation

11210 – 107 Avenue N.W.
Edmonton, Alberta T5H 0Y1
Tel (780) 452-2300, Fax (780) 452-2335

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of Council of the Village of Ryley

Opinion

We have audited consolidated financial statements of the Village of Ryley, which comprise the statement of consolidated financial position as at December 31, 2025 and the consolidated results of its operations, changes in its net financial assets and cash flows for the years then ended, and notes and schedules to the consolidated financial statements, including summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of the Village of Ryley as at December 31, 2025, the consolidated results of its operations, changes in its consolidated net financial assets 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 consolidated financial statements section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 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 Village's ability to continue as a going concern, disclosing, as applicable, matters relating 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 Village's financial reporting process.

Auditor's Responsibility for the Consolidated Financial Statements

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

INDEPENDENT AUDITOR'S REPORT - continued

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

- Identify and assess the risks of material misstatement of the 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 from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 Village'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 Village'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 Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information return, and whether the financial information return represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Debt Limit Regulation

In accordance with Alberta Regulation 255/2000, we confirm that the municipality in compliance with the Debt Limit Regulation, a detailed account of the Village's debt limit can be found in Note 10.

Supplementary Accounting Principles and Standard Regulations

In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standard Regulations and note the information required can be found in Note 13.

Doyle & Company

July 7, 2026
11210 - 107 Avenue NW
Edmonton, Alberta T5H 0Y1

Chartered Professional Accountants

VILLAGE OF RYLEY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	2025 **$**	2024 $
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	**1,212,643**	1,303,496
Accounts receivable:		
Taxes receivable (Note 3)	**152,901**	142,595
Trade and other receivables (Note 4)	**287,081**	587,058
Investments in Claystone Waste Limited Partnership (Note 6)	**2,221,711**	1,689,925
	3,874,336	3,723,074
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	**52,183**	275,080
Deposit liabilities	**8,561**	6,761
Deferred revenue (Note 8)	**792,718**	572,089
Long-term debt (Note 9)	**204,492**	406,713
	1,057,954	1,260,643
NET FINANCIAL ASSETS	**2,816,382**	2,462,431
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	**8,584,703**	7,246,487
ACCUMULATED SURPLUS	**11,401,085**	9,708,918

Approved by Council Resolution: 2026-07-21#05

____________________ Mayor

____________________ Chief Administrative Officer

Glen Hamilton-Brown
Chief Administrative Officer (CAO)
Village of Ryley

The accompanying notes form part of the financial statements.

VILLAGE OF RYLEY

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 Budget (Unaudited) $	2025 Actual $	2024 Actual $
REVENUE			
User fees and sales of goods	**212,900**	**262,752**	99,703
Net municipal taxes (Schedule 3)	**601,021**	**603,071**	583,845
Government transfers for operating (Schedule 4)	**367,615**	**201,564**	191,404
Other	**37,360**	**6,056**	28,376
Franchise and concession	**38,000**	**35,380**	35,789
Fines, licenses and permits	**15,248**	**6,338**	14,134
Penalties and costs of taxes	**20,147**	**15,708**	22,512
Rentals	**19,000**	**22,065**	15,155
Interest and investment income	**105,836**	**39,156**	111,191
Clean Harbours	**50,000**	**466,101**	652,697
Grants	**23,636**	**230,951**	195,011
Subsidiary operations - Claystone Waste	**329,538**	**861,324**	875,514
	1,820,301	**2,750,466**	2,825,331
EXPENSES			
Environmental services	**307,662**	**318,082**	147,307
Fire protection and safety services	**119,419**	**101,839**	127,093
General government	**426,914**	**426,586**	478,636
Planning and development	**224,256**	**158,642**	254,024
Recreation and culture	**543,268**	**561,002**	613,684
Transportation services	**234,776**	**184,840**	235,062
	1,856,295	**1,750,991**	1,855,806
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER REVENUE (EXPENSES)	**(35,994)**	**999,475**	969,525
OTHER REVENUE (EXPENSES)			
Amortization of tangible capital assets	**(389,006)**	**(324,504)**	(331,310)
Contributed tangible capital assets	**-**	**839,000**	-
Government transfers for capital (Schedule 4)	**425,000**	**178,196**	304,709
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	**-**	**1,692,167**	942,924
ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR	**-**	**9,708,918**	8,765,994
ACCUMULATED OPERATING SURPLUS, END OF YEAR	**-**	**11,401,085**	9,708,918

The accompanying notes form part of the financial statements.

VILLAGE OF RYLEY

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 Budget (Unaudited) $	2025 Actual $	2024 Actual $
EXCESS OF REVENUES OVER EXPENSES	-	**1,692,167**	942,924
Acquisition of tangible capital assets	-	**(823,720)**	(1,158,133)
Contributed tangible capital assets	-	**(839,000)**	-
Amortization of tangible capital assets	-	**324,504**	331,309
	-	**(1,338,216)**	(826,824)
INCREASE (DECREASE) IN NET ASSETS	-	**353,951**	116,100
NET FINANCIAL ASSETS, BEGINNING OF YEAR	-	**2,462,431**	2,346,331
NET FINANCIAL ASSETS, END OF YEAR	-	**2,816,382**	2,462,431

The accompanying notes form part of the financial statements.

VILLAGE OF RYLEY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 $	2024 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and government agencies	**2,817,708**	2,457,617
Cash paid to suppliers and contractors	**(1,373,158)**	(1,950,214)
	1,444,550	507,403
CASH OUTFLOWS FOR CAPITAL		
Additions to capital assets	**(1,662,720)**	(1,158,133)
CASH FLOWS FROM INVESTING ACTIVITIES		
Distribution from Claystone Waste Limited Partnership	**329,538**	314,559
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	**(202,221)**	(199,975)
NET CHANGE TO CASH	**(90,853)**	(536,146)
CASH - BEGINNING OF YEAR	**1,303,496**	1,839,642
CASH - END OF YEAR	**1,212,643**	1,303,496

Cash is comprised of:

	2025 $	2024 $
Cash - operating	**1,041,980**	1,137,660
Restricted cash - internally restricted	**170,663**	165,836
	1,212,643	1,303,496

VILLAGE OF RYLEY

CONSOLIDATED STATEMENT OF CHANGES IN ACCUMULATED OPERATING SURPLUS - SCHEDULE 1

FOR THE YEAR ENDED DECEMBER 31, 2025

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2025 $	2024 $
Balance, Beginning of Year	2,291,241	171,190	7,246,487	9,708,918	8,765,994
Excess (deficiency) of revenue over expenses	1,692,167	-	-	1,692,167	942,924
Current years funds used for tangible capital assets	(823,720)	-	823,720	-	-
Contributed tangible capital assets	(839,000)	-	839,000	-	-
Annual amortization expenses	324,504	-	(324,504)	-	-
Change in accumulated surplus	353,951	-	1,338,216	1,692,167	942,924
Balance, End of Year	2,645,192	171,190	8,584,703	11,401,085	9,708,918

The accompanying notes form part of the financial statements.

VILLAGE OF RYLEY

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS - SCHEDULE 2

FOR THE YEAR ENDED DECEMBER 31, 2025

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2025 $	2024 $
COST:								
Balance, Beginning of year	510,605	466,943	1,881,405	11,079,725	708,452	62,577	14,709,707	13,551,574
Additions	-	-	70,619	1,382,832	124,359	84,910	1,662,720	1,158,133
Disposals	-	-	-	-	-	(12,001)	(12,001)	-
Balance, End of Year	510,605	466,943	1,952,024	12,462,557	832,811	135,486	16,360,426	14,709,707
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	373,442	1,016,878	5,648,590	380,819	43,491	7,463,220	7,131,911
Annual amortization	-	5,454	43,425	259,497	9,496	6,632	324,504	331,309
Disposal	-	-	-	-	-	(12,001)	(12,001)	-
Balance, End of Year	-	378,896	1,060,303	5,908,087	390,315	38,122	7,775,723	7,463,220
NET BOOK VALUE	510,605	88,047	891,721	6,554,470	442,496	97,364	8,584,703	7,246,487

Engineered structures of $839,000 (2024 - $nil) were acquired as contributed tangible capital assets

VILLAGE OF RYLEY

CONSOLIDATED SCHEDULE OF PROPERTY TAXES - SCHEDULE 3

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 Budget (Unaudited) $	2025 Actual $	2024 Actual $
TAXATION			
Real property taxes	**745,311**	**669,245**	651,742
Linear property taxes	**-**	**86,175**	73,547
	745,311	**755,420**	725,289
REQUISITIONS			
Alberta School Foundation Fund	**112,329**	**120,388**	109,483
Seniors Foundation	**31,961**	**31,961**	31,961
	144,290	**152,349**	141,444
NET MUNICIPAL TAXES	**601,021**	**603,071**	583,845

The accompanying notes form part of the financial statements.

VILLAGE OF RYLEY

CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS - SCHEDULE 4

FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget (Unaudited) $	2025 $	2024 $
TRANSFERS FOR OPERATING			
Provincial Government	**307,115**	**129,674**	131,055
Local Government	**60,500**	**71,890**	60,349
	367,615	**201,564**	191,404
TRANSFERS FOR CAPITAL			
Provincial Government	**425,000**	**178,196**	304,709
TOTAL GOVERNMENT TRANSFERS	**792,615**	**379,760**	496,113

The accompanying notes form part of the financial statements.

VILLAGE OF RYLEY

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE - SCHEDULE 5

FOR THE YEAR ENDED DECEMBER 31, 2025

	General Government	Protective Service	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Claystone Waste LP	Total $
REVENUE									
Net municipal taxes	603,071	-	-	-	-	-	-	-	603,071
User fees and sales of goods	5,647	-	-	-	8,394	239,686	9,025	-	262,752
Government grants	129,674	-	-	-	71,890	178,196	-	-	379,760
Claystone Good Neighbour grants	-	-	-	-	179,961	-	-	-	179,961
Clean Harbours hosting fee	-	-	-	-	411,601	-	-	-	411,601
Clean Harbour community enhancement grant	-	-	-	-	54,500	-	-	-	54,500
Subsidiary operations	-	-	-	-	-	-	-	861,324	861,324
Investment income	39,156	-	-	-	-	-	-	-	39,156
Other revenue	104,735	2,418	-	3,920	22,065	-	3,400	-	136,538
	882,283	2,418	-	3,920	748,411	417,882	12,425	861,324	2,928,663
EXPENSES									
Contract & general services	116,564	101,840	67,389	10,837	120,997	22,146	-	-	439,773
Salaries, wages & benefits	156,456	-	58,112	136,292	221,228	97,550	-	-	669,638
Materials, goods & utilities	123,239	-	55,348	14,355	164,277	198,386	-	-	555,605
Transfers to local boards	-	-	-	-	54,500	-	-	-	54,500
Long-term debt interest	-	-	3,991	-	-	-	-	-	3,991
Other expenses	27,485	-	-	-	-	-	-	-	27,485
Balance, End of Year	423,744	101,840	184,840	161,484	561,002	318,082	-	-	1,750,992
EXCESS (SHORTFALL) OF REVENUE BEFORE AMORTIZATION	458,539	(99,422)	(184,840)	(157,564)	187,409	99,800	12,425	861,324	1,177,671
Amortization	(14,486)	-	(206,668)	-	(40,272)	(63,078)	-	-	(324,504)
Contributed assets	-	-	-	-	-	839,000	-	-	839,000
EXCESS (SHORTFALL) OF REVENUE	444,053	(99,422)	(391,508)	(157,564)	147,137	875,722	12,425	861,324	1,692,167

The accompanying notes form part of the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Ryley (the "Village") are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village are as follows:

a) Reporting Entity

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

Claystone Waste Limited Partnership, a subsidiary partnership of the Village, is accounted for on modified equity basis, consistent with the public sector accounting treatment for a government business partnership. Under the modified equity basis, the government business partnership's accounting principles are not adjusted to conform with those of the Village, and inter-organizational transactions and balances are not eliminated. Other comprehensive income (loss) due to fair value adjustments is reported on the statement of operations and accumulated surplus as an adjustment to accumulated surplus.

The schedule of property 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 consolidated 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 received from third parties pursuant to legislation, regulations 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.

1. SIGNIFICANT ACCOUNTING POLICIES Continued

c) Use of Estimates

The preparation of consolidated financial statements in conformity with public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful life of tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the revenue or expenses in the period in which they become known. Actual results could differ from those estimates.

d) Valuation of Financial Assets and Liabilities

Financial Statement Component	Measurement
Cash	Cost and 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 receivables and debt charges recoverable	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term debt	Amortized Cost

e) Long-term Debt

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

f) Local Improvement

When a service or improvement is deemed to benefit a specific area more than the municipality as a whole, the project may be classified as a local improvement under the Municipal Government Act, to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owner's share of the improvements is recognized as revenue, and established as a receivable, in the period that the project expenditures are completed.

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. Assessments are subject to appeal.

h) Asset Retirement Obligation

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

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

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

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

j) 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 revenue over expenditures, provides the Consolidated Change in Net Financial Assets for the year.

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

j) Non-Financial Assets - Continued

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 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:

ii) Amortization

	Years
Land Improvements	15 - 30
Buildings	20 - 50
Engineering Structures	
Roads	25
Curbs, Gutters, Signs, Sidewalks	30
Storm Sewer	75
Water Systems	20 - 75
Sewer Systems	20 - 75
Machinery, Equipment and Furniture	10 - 30
Vehicles	10

One-half of the annual amortization is charged in the year of acquisition. No amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

iii) 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.

iv) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental of 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.

k) Equity in Tangible Capital Assets

Equity in tangible capital assets represents the net investment in total tangible capital assets after deducting the portion financed by third parties. The equity in tangible capital assets is reflected as a component of the accumulated surplus of the municipality.

l) 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 the property tax revenue is reduced. When the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

1. SIGNIFICANT ACCOUNTING POLICIES Continued

m) Inventories

Inventories of consumable supplies are valued at cost.

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

n) Deferred revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of consolidated financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.

o) Reserves for Future Expenditures

Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures. The reserve funds are reflected as a component of the accumulated surplus of the municipality.

p) 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.

q) Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the Village has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transaction with performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

1. SIGNIFICANT ACCOUNTING POLICIES Continued

r) 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.

i) The Conceptual Framework for Financial Reporting

The PSAB's framework replaces the conceptual aspects of PS 1000 – Financial Statement Concepts, and PS 1100 – Financial Statement Objectives. This standard is applicable to fiscal years beginning on or after April 1, 2026.

ii) PS 1202 - Financial Statement Presentation

PS 1202, Financial Statement Presentation, sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement principles are based on the concepts in the Conceptual Framework for Financial Reporting in the Public Sector. This standard is applicable to fiscal years beginning on or after April 1, 2026.

2. CASH

	2025 $	2024 $
Cash - operating	**1,041,980**	1,277,873
Restricted cash - internally restricted	**170,663**	25,623
	1,212,643	1,303,496

Restricted cash is internally restricted held for specific purposes as deemed by Council.

3. TAXES RECEIVABLE

	2025 $	2024 $
i) Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	**128,213**	119,874
Arrears taxes	**24,688**	22,721
	152,901	142,595
Less: Allowances for doubtful accounts	**-**	-
	152,901	142,595

4. TRADE AND OTHER RECEIVABLES

	2025 $	2024 $
Trade and other receivables	**145,961**	73,600
GST receivable	**61,723**	76,761
Local Government Fiscal Frame Work - Capital	**-**	258,501
Canada Community Building Fund - Capital	**79,397**	178,196
	287,081	587,058

5. BANK INDEBTEDNESS

The Village has a revolving line of credit with a maximum limit of $230,000 (2024 - $230,000). Interest accrues monthly on the outstanding balance at a rate of prime + 1%. As at December 31, 2025, the prime rate was 4.45% (2024 – 5.45%)
As at December 31, 2025 the Village had not drawn any funds (2024 $- nil) on the line of credit.

6. SUBSIDIARY OPERATIONS - CLAYSTONE WASTE LIMITED PARTNERSHIP

Claystone Waste Limited Partnership was formed on August 20, 2020 under the laws of Alberta. The Limited Partnership was formed for the purpose of providing waste management services to partner municipalities and others. The General Partner of the Limited Partnership is Claystone Waste Ltd. And the Limited Partners are the Village of Ryley, Beaver County, Village of Holden, Town of Tofield and Town of Viking.

	2025 **$**	2024 $
Investment in Limited Partnership:		
Investment, beginning of year	**1,689,925**	1,128,970
Distribution received	**(329,538)**	(314,559)
Share of net income from partnership	**861,324**	875,514
Investment, end of year	**2,221,711**	1,689,925

The Village of Ryley owns 9.68% of partnership interest of Claystone Waste Limited Partnership.

	2025 **$**	2024 $
Financial Position:		
Current assets	**23,847,093**	30,684,304
Property and equipment	**54,442,845**	44,224,422
Other assets	**15,348,886**	12,093,399
	93,638,824	87,002,125
Current liabilities	**2,688,395**	3,271,011
Non-current liabilities	**15,619,379**	13,725,604
Total liabilities	**18,307,774**	16,996,615
Partnership equity	**75,331,050**	70,005,510
	93,638,824	87,002,125
Results of Operations:		
Revenue	**34,638,898**	30,482,474
Expenses	**26,047,472**	22,293,270
Gain on disposals of property and equipment	**(27,762)**	432,360
Landfill closure and post closure fund gains	**61,656**	145,836
Net and comprehensive income	**8,625,320**	8,767,400
Changes in Partnership Equity:		
Partnership equity - opening	**70,005,510**	64,387,900
Distributions	**(3,299,780)**	(3,149,790)
Net income for the period	**8,625,320**	8,767,400
Partnership equity - ending	**75,331,050**	70,005,510

During the year, the Village incurred $22,814 (2024- $22,474) in waste collection and disposals fees payable to Claystone Waste Limited Partnership. During the year, Claystone Waste Limited Partnership incurred $180,311 (2024- $171,714) in grants payable to the Village. All transactions are in the normal course of operations and are recorded at the exchange value based on normal commercial rates.

7. ACCOUNTS PAYABLE

	2025 $	2024 $
Trade and other payables	**52,183**	275,080

8. DEFERRED REVENUE

	2025 $	2024 $
Canada Community Building Fund - Capital	**79,397**	178,196
Local Government Fiscal Framework - Capital	**530,738**	258,501
Clean Harbours Community Enhancement Grant	**182,583**	135,392
	792,718	572,089

Included in the Village's deferred revenue are government transfers and grant revenue which are restricted to eligible projects as approved under the funding agreements.

9. LONG-TERM DEBT

	2025 $	2024 $
Government of Alberta debenture debt	**204,492**	406,713

Future minimum principal repayments required to meet existing obligations are as follows:

	Principal $	Interest $	Total $
2026	204,492	3,990	208,482
	204,492	3,990	208,482

Debenture debt, repayable to Government of Alberta, bears interest at rates ranging from 1.69% to 2.25% per annum. Debenture debt is issued on the credit and security of the Village at large.

The Village's payments for interest during the year were $3,990 (2024 – $6,236)

10. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta regulation 255/00 for the Village of Ryley be disclosed as follow:

	2025 $	2024 $
Total Debt Limit	**4,125,699**	4,237,997
Total Debt	**(204,492)**	(406,713)
Amount of debt limit unused	**3,921,207**	3,831,284
Debt Service Limit	**687,617**	706,333
Debt Service	**206,212**	206,212
Amount of debt service limit unused	**481,405**	500,121

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 consolidated financial statements must be interpreted as a whole.

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2025 $	2024 $
Tangible capital assets (Schedule 2)	**16,360,426**	14,709,707
Accumulated amortization (Schedule 2)	**(7,775,723)**	(7,463,220)
	8,584,703	7,246,487

12. ACCUMULATED SURPLUS

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

	2025 **$**	2024 $
Unrestricted surplus	**2,645,192**	2,291,241
Internally restricted surplus		
Road & Sidewalk	**29,714**	29,714
Sewer	**29,556**	29,556
Garbage Truck	**15,354**	15,354
FCSS	**31,304**	31,304
Skating Rink	**27,094**	27,094
Century Park	**38,167**	38,167
Total restricted surplus	**171,189**	171,189 s
Equity in tangible capital assets	**8,584,703**	7,246,487
	11,401,084	9,708,917

13. SALARY AND BENEFITS DISCLOSURE

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

	2025			2024
	Salary (1) $	**Benefits & Allowances (2) $**	**Total $**	Total $
Mayor:				
L. Knockleby	-	-	-	10,646
S. Dennis	**14,784**	**671**	**15,455**	2,389
Councilors:				
B. Ducherer	**389**	-	**389**	9,601
C. Heslin	**2,815**	**133**	**2,948**	-
D. Roth	**2,142**	**93**	**2,235**	-
K. Murphy	**6,559**	**219**	**6,778**	9,891
L. Knockleby	**8,337**	**322**	**8,659**	2,024
M. Wilson	**2,308**	**103**	**2,411**	-
S. Dennis	-	-	-	9,077
S. Mcmillan	**3,148**	**153**	**3,301**	-
S. Reid	**2,304**	**50**	**2,354**	6,059
Chief Administrative Officer	**128,725**	**22,972**	**151,697**	148,741
	171,511	**24,716**	**196,227**	198,428

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, severance pay, gross honoraria and any other direct cash remuneration. Any training and reimbursement of expenses are not included in the above figures.

2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including contributions to the pension plan, health care, dental coverage, group life insurance, long and short term disability plans, professional memberships, tuition and travel.

14. SEGMENTED DISCLOSURE

The Village provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 5).

General government includes council and other legislative, and general administration. Protective services includes bylaw enforcement, police, and fire. Transportation includes roads, streets, walks and lighting. Planning and development includes land use planning, zoning and subdivision land and development. Public health and welfare includes family and community support. Recreation and culture includes parks and recreation, libraries, museums and halls. Environmental use and protection includes water supply and distribution, wastewater treatment and disposal, and waste management.

15. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village participate in the Local Authorities Pension Plan ("LAPP"), which is one of the plans covered by Alberta Public Sector Pension Plans Act. The LAPP serves approximately 316,938 people and 453 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenses in the year in which they become due.

The Village is required to make current service contributions to the LAPP of 7.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 10.65% on pensionable earnings above this amount. Employees of the Village are required to make a current service contribution of 8.45% of pensionable salary up to the year's maximum pensionable salary and 11.65% on pensionable salaries above this amount.

Total current service contributions by the Village to the LAPP in 2025 were $36,783 (2024 – $39,455). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2025 were $32,945 (2024 - $35,060)

At December 31, 2025, the LAPP disclosed an actuarial surplus of 22.6 billion.

16. CONTINGENCIES

In the normal course of business there may be pending claims by and against the Village. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information provided by its legal counsel, final determination of these litigations will not materially affect the Village's financial position or results of operations.

Within Claystone Waste Limited Partnership, there are contingencies disclosed as follows:

Under the Technology Innovation and Emissions Reduction Regulation, a landfill site can become a registered and regulated facility when the estimated equivalent carbon dioxide emissions exceed 100,000 tonnes based on the regulation's prescribed method. The prescribed method calculated that the landfill site had emissions in excess of the threshold. Field tests completed using emission detection equipment measured carbon dioxide below the 100,000 tonne threshold and therefore a request was submitted to have the landfill site removed from the registry of regulated facilities and to have payments made returned. The request was successful. The landfill site will continue to be monitored to ensure the threshold is not reached.

Should the partnership be added to the registry in the future, annual payments would be required based partially on emissions for waste accepted at the landfill site up to December 31, 2025. An estimate of the total of these annual payments or the likelihood of becoming registered in the future cannot be made and therefore an estimate of its financial effect cannot be measured.

17. BUDGET FIGURES

The 2025 budget figures which appear in these consolidated financial statements have been approved by council.

18. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Village is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2025.

At each financial reporting date, the Village reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Village continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at December 31, 2025, the Village has not identified a liability for contaminated sites.

19. ASSET RETIREMENT OBLIGATION

The Village has adopted PS 3280 Asset Retirement Obligations. The Village is legally required to perform abatement activities upon renovation or demolition of any buildings containing asbestos. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The Village did not identify any assets that required a financial liability to be set up as a result of the asbestos abatement for 2025.

20. FINANCIAL INSTRUMENTS

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

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village provides services may experience financial difficulty and be unable to fulfills their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk. The Village is exposed to market price risk from investments in equity instruments whose value fluctuates with changes in quoted market prices.

21. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

Council and Management have approved these consolidated financial statements.

22. COMPARATIVE FIGURES

Certain prior year comparative figures have been restated to conform to the presentation adopted by the Village in the current year.