

TOWN OF FORT MACLEOD

Consolidated Financial Statements

For the year ended December 31, 2024

Draft - March 10, 2025

TOWN OF FORT MACLEOD
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Draft - March 10, 2025

INDEPENDENT AUDITOR'S REPORT

To: The Mayor and Members of Council of
the Town of Fort Macleod

Opinion

We have audited the consolidated financial statements of the Town of Fort Macleod which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations, remeasurement gains and losses, change in net financial debt and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Fort Macleod as at December 31, 2024, the results of its operations, remeasurement gains and losses, change in its net financial debt 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 in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Emphasis of Matter

We draw attention to note 8 to the financial statements which describes the changes in estimates relating to the asset retirement obligations. Our audit opinion is not modified in respect of this matter.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Responsibilities 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 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:

INDEPENDENT AUDITOR'S REPORT, continued

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Lethbridge, Alberta

April 14, 2025

Chartered Professional Accountants

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Town of Fort Macleod 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 Town's financial position as at December 31, 2024 and the results of its operations for the year ended.

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

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 Town Council carries out its responsibilities for review of the consolidated financial statements principally through the Finance and Administration departments.

Council meets annually with management and the external auditors 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. Council reviews quarterly reports.

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

The consolidated financial statements have been audited by Avail LLP Chartered Professional Accountants, the independent external auditors appointed by the Town. The accompanying independent Auditor's Report outlines their responsibilities, the scope of the examination and their opinion on the Town's consolidated financial statements.

Chief Administrative Officer

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2024

	2024	2023
Financial assets		
Cash and temporary investments (note 2)	\$ 4,786,695	\$ 5,990,171
Taxes and grants in place of taxes receivable (note 3)	137,672	147,313
Trade and other receivables (note 4)	1,144,362	461,692
Land held for resale	1,775,403	1,178,053
Investments (note 5)	6,436,104	8,030,048
	14,280,236	15,807,277
Liabilities		
Accounts payable and accrued liabilities	1,388,115	762,329
Deposits	406,245	307,321
Deferred revenue (note 6)	577,693	194,253
Long-term debt (note 7)	8,143,180	8,820,199
Asset retirement obligation (note 8)	5,764,358	8,070,677
	16,279,591	18,154,779
Net financial debt	(1,999,355)	(2,347,502)
Non-financial assets		
Prepaid expenses	-	6,000
Inventory for consumption	427,438	344,486
Tangible capital assets (schedule 2)	55,824,594	54,367,211
	56,252,032	54,717,697
Accumulated surplus (note 9 and schedule 1)		
Accumulated operating surplus	54,252,677	52,370,195
Accumulated remeasurement gains (losses)	-	-
	\$ 54,252,677	\$ 52,370,195

Commitments and contingencies (note 21)

Approved on behalf of Council:

Councillor _____

Councillor _____

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2024

	Budget (Unaudited)	2024	2023
Revenue			
Net municipal taxes (note 12)	\$ 3,824,200	\$ 3,829,729	\$ 3,542,848
User fees and sales of goods	5,087,600	3,859,192	4,218,180
Government transfers for operating (note 13)	341,335	624,136	526,650
Investment income	200,000	425,674	329,299
Penalties and costs of taxes	55,250	53,589	61,225
Licenses and permits	124,100	337,899	160,322
Franchise and concession contracts	582,000	628,530	582,243
Rental	262,250	271,701	274,232
Other	65,400	43,209	90,902
Gain on sale of tangible capital assets	-	2,378,981	-
	10,542,135	12,452,640	9,785,901
Expenses (note 14)			
General government			
Legislative	184,000	183,622	166,126
Administration	1,978,260	1,909,107	1,635,592
Protective services			
Fire	235,200	235,773	232,046
Emergency measures and disaster services	9,150	3,868	3,825
Bylaw enforcement	359,075	352,531	327,583
Transportation services			
Roads, streets, walks, lighting	2,033,750	2,184,452	2,024,876
Airport	22,200	20,605	18,425
Environmental use and protection			
Water supply and distribution	1,086,435	1,002,052	1,049,989
Wastewater treatment and disposal	1,107,800	1,094,208	1,030,634
Waste management	575,350	656,194	657,632
Public health and welfare			
Family and community support services	178,250	326,449	281,913
Cemeteries and columbarium	161,600	119,050	134,712
Planning and development			
Land use planning, zoning and development	279,400	367,958	365,069
Subdivision land and development	314,500	298,238	346,001
Recreation and culture			
Parks and recreation	1,801,050	1,781,708	1,617,463
Culture - libraries, museums, halls	392,550	397,368	423,753
	10,718,570	10,933,183	10,315,639
(Deficiency) excess of revenue over expenses before capital revenue	(176,435)	1,519,457	(529,738)
Capital revenue			
Government transfers for capital (note 13)	305,000	340,056	520,980
Capital donations	-	22,969	5,360
	305,000	363,025	526,340
Excess (deficiency) of revenue over expenses	128,565	1,882,482	(3,398)
Accumulated operating surplus, beginning of year	52,370,195	52,370,195	52,373,593
Accumulated operating surplus, end of year	\$ 52,498,760	\$ 54,252,677	\$ 52,370,195

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
For the year ended December 31, 2024

	2024	2023
Accumulated remeasurement gains (losses), beginning of year	\$ -	\$ -
Unrealized gains (losses) attributable to:		
Equity investments	-	-
Amounts reclassified to statements of operations:		
Equity investments realized gains	-	-
Net remeasurement gains (losses) for the year	-	-
Accumulated remeasurement gains (losses), end of year	\$ -	\$ -

Draft - March 10, 2025

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT
For the year ended December 31, 2024

	Budget (Unaudited)	2024	2023
Excess (deficiency) of revenue over expenses	\$ 128,565	\$ 1,882,482	\$ (3,398)
Acquisition of tangible capital assets	(1,306,000)	(3,808,392)	(1,702,310)
Amortization of tangible capital assets	2,078,000	2,094,731	2,033,505
Loss (gain) on disposal of tangible capital assets	-	(2,378,981)	753
Proceeds on disposal of tangible capital assets	-	103,272	5,617
Asset retirement obligation change in estimate (note 8)	-	2,531,984	-
	772,000	(1,457,386)	337,565
Net change in inventory for consumption	-	(82,949)	(13,644)
Net change in prepaid expense	-	6,000	49,947
	-	(76,949)	36,303
Increase in net financial debt	900,565	348,147	370,470
Net financial debt, beginning of year	(2,347,502)	(2,347,502)	(2,717,972)
Net financial debt, end of year	\$ (1,446,937)	\$ (1,999,355)	\$ (2,347,502)

Draft - March 10, 2025

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2024

	2024	2023
Operating transactions		
Excess (deficiency) of revenue over expenses	\$ 1,882,482	\$ (3,398)
Adjustments for items which do not affect cash		
(Gain) loss on disposal of tangible capital assets	(2,378,981)	753
Amortization of tangible capital assets	2,094,731	2,033,505
Accretion of asset retirement obligation	225,665	219,824
	1,823,897	2,250,684
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	9,641	93,626
Trade and other receivables	(682,675)	(136,160)
Land held for resale	(597,350)	182,984
Inventory for consumption	(82,949)	(13,644)
Prepaid expenses	6,000	49,947
Accounts payable and accrued liabilities	625,786	(18,170)
Deposits	98,924	(40,717)
Deferred revenue	383,440	89,497
Cash provided by operating transactions	1,584,714	2,458,047
Capital transactions		
Proceeds on disposal of tangible capital assets	103,272	5,617
Acquisition of tangible capital assets	(3,808,392)	(1,702,310)
Cash applied to capital transactions	(3,705,120)	(1,696,693)
Investing transactions		
Decrease in investments	1,593,949	875,850
Financing transactions		
Proceeds of long-term debt	-	3,100,500
Repayment of long-term debt	(677,019)	(513,091)
Cash applied to financing transactions	(677,019)	2,587,409
(Decrease) increase in cash and temporary investments	(1,203,476)	4,224,613
Cash and temporary investments, beginning of year	5,990,171	1,765,558
Cash and temporary investments, end of year	\$ 4,786,695	\$ 5,990,171

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

1. Significant accounting policies

The consolidated financial statements of the Town are the representations of management prepared in accordance with generally accepted accounting principles for local government 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, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

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

(b) Basis of accounting

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

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

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

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

(c) 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expense 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.

There is measurement uncertainty related to asset retirement obligations as it involves estimates in determining settlement amount, discount rates and timing of settlement. Changes to any of these estimates and assumptions may result in change to the obligation.

(d) Valuation of financial assets and liabilities

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

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

1. Significant accounting policies, continued

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
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term debt	Amortized cost

- (e) **Investments**
Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations.

Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

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

- (g) **Requisition over-levy and under-levy**
Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

- (h) **Inventories for resale**
Land held for resale is recorded at the lower of cost and 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.

- (i) **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.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

1. Significant accounting policies, continued

(j) 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 financial statement date when there is a legal obligation for the Town 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 Town reviews the carrying amount of the liability. The Town 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 Town 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.

(k) Contaminated sites liability

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

(l) Revenue recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the Town 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 transactions with performance obligations is recognized as the 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 at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

1. Significant accounting policies, continued

(m) 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.

(n) Deferred revenue

Deferred revenue represent government transfers, donations, and other amounts which have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met. Interest earned on deferred revenues, reserves, and offsite levies are calculated using an average investment earnings monthly.

(o) 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 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 asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land improvements	15-25
Buildings	25-50
Engineered structures	5-80
Machinery and equipment	5-25
Vehicles	10-25

Amortization is charged in the year of acquisition but not in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

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

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

1. Significant accounting policies, continued

(iii) Leases

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

(iv) Inventories

Inventories held for consumption are recorded at the lower of cost or net realizable value with cost determined by the average cost method.

(v) Cultural and historical tangible capital assets

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

(p) Future change in accounting policy

The following summarizes upcoming changes to Canadian public sector accounting standards. In 2025, the Town will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently.

a) The Conceptual Framework of Financial Reporting in the Public Sector

The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 Financial Statement Concepts and Section PS 1100 Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of the specific standards. The standard is applicable for the fiscal years beginning on or after April 1, 2026.

b) PS 1202 Financial Statement Presentation

Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework. The standard is applicable for the fiscal years beginning on or after April 1, 2026.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

2. Cash and temporary investments

	2024	2023
Cash	\$ 274,200	\$ 69,755
Temporary investments	4,512,495	5,920,416
	\$ 4,786,695	\$ 5,990,171

Temporary investments are short term deposits with original maturities of 3 months or less. The temporary investments are comprised of short term securities and high interest savings accounts with interest rates of 1.0%.

Included in temporary investments are restricted amounts of \$577,693 (2023 - \$194,253) (note 6).

3. Taxes and grants in place of taxes receivable

	2024	2023
Current taxes and grants in place of taxes receivable	\$ 111,536	\$ 88,111
Arrears	26,136	59,202
	\$ 137,672	\$ 147,313

4. Trade and other receivables

	2024	2023
Trade accounts	\$ 196,001	\$ 191,806
GST receivable	124,547	84,147
Federal government	242,074	185,739
Provincial government	581,740	-
	\$ 1,144,362	\$ 461,692

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

5. Investments

	2024		2023	
	Carrying value	Market value	Carrying value	Market value
Government/government guaranteed bonds - amortized cost	\$ 6,436,104	\$ 6,236,488	\$ 8,030,048	\$ 7,983,297

Government and government guaranteed bonds have effective interest rates of 1.2% - 3.8% (2023 - 1.2% - 3.89%) with maturity dates from June 2029 to January 2033.

Investment income recognized in the statement of operations includes \$425,673 (2023 - \$329,299) of interest income.

Unrealized gains on equity instruments carried at fair value of \$0 (2023 - \$0) have been recognized in the statement of remeasurement gains and losses.

6. Deferred revenue

	2024	2023
Local Government Fiscal Framework (LGFF)	\$ 273,559	\$ -
Canada Community Building Fund (CCBF)	160,199	-
Municipal District of Willow Creek restricted reserve	49,200	36,900
Family and Community Support Services (FCSS)	46,806	40,903
Alberta Community Partnership (ACP)	37,592	108,113
Housing needs assessment	4,745	4,745
Bike park	2,492	2,492
Diversity and Inclusion grant	2,000	-
Rural Development Network	1,000	1,000
Food bank donations	100	100
	\$ 577,693	\$ 194,253

Deferred revenue is comprised of the funds noted above, the use of which, together with any earnings thereon, is restricted by agreement. These funds are recognized as revenue in the period they are used for the purpose specified.

Unexpended funds related to the advance are supported by short term investments (note 2).

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

7. Long-term debt

	2024	2023
Tax supported debentures - capital	\$ 4,528,141	\$ 4,902,678
Tax supported debentures - operating	3,615,039	3,917,521
	\$ 8,143,180	\$ 8,820,199

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2025	\$ 622,396	\$ 294,395	\$ 916,791
2026	604,342	271,550	875,892
2027	585,999	252,374	838,373
2028	606,617	231,757	838,374
2029	628,066	210,308	838,374
Thereafter	5,095,760	882,097	5,977,857
	\$ 8,143,180	\$ 2,142,481	\$ 10,285,661

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 1.86% to 5.75% per annum and matures in periods 2026 through 2038. The average annual interest rate is 3.88% for 2024 (3.87% for 2023).

Debenture debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$312,689 (2023 - \$210,905).

The Town's total cash payments for interest in 2024 were \$314,098 (2023 - \$165,025).

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

8. Asset retirement obligation

Asbestos abatement

The Town owns buildings which contain asbestos and, therefore, the Town is legally required to perform abatement activities upon renovation or demolition of this building. Abatement activities include handling and disposal of the asbestos in a prescribed manner when it is disturbed.

Engineering Structures

The Town owns and operates a wastewater treatment plant and water treatment plant where there is an obligation for decommissioning and land reclamation upon the permanent retirement of such assets from services. Retirement costs include decommissioning of the infrastructure, reclamation of land surface, revegetation, and work around water considerations according to the method the retirement obligation.

The estimated total liability of \$5,764,358 (2023 - \$8,070,677) is based on the sum of discounted future cash flows using a discount rate of 2.8%.

The Town has not designated assets for settling the abatement activities.

During the year, the Town reassessed their abatement activities on certain buildings. Based on new information obtained, the asset retirement obligation was revised by \$2,531,984. The related cost of the tangible capital asset was revised by \$570,768 and the accumulated amortization was revised by \$389,262. The revisions were accounted for prospectively as a change in accounting estimate. The net change in the amount of \$2,350,478 has been recorded through gain on sale of tangible capital assets.

Asset retirement obligations are expected to be settled over the next 9 to 36 years.

	2024	2023
Balance, beginning of year	\$ 8,070,677	\$ 7,850,853
Liabilities incurred	-	-
Liabilities settled	-	-
Change in estimated cash flows	(2,531,984)	-
Accretion expenses	225,665	219,824
Balance, end of year	\$ 5,764,358	\$ 8,070,677

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

9. Accumulated operating surplus

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

	2024	2023
Unrestricted surplus	\$ 3,733,788	\$ 2,638,721
Internally restricted reserves (note 10)	4,986,794	8,337,618
Equity in tangible capital assets (note 11)	45,532,095	41,393,856
	\$ 54,252,677	\$ 52,370,195

10. Reserves

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses.

	2024	2023
Operating		
Project reserve	\$ 116,285	\$ 116,285
Infrastructure lifecycle, maintenance & replacement	370,000	370,000
Stabilization & contingency	680,800	680,800
Special purpose	87,342	113,750
	1,254,427	1,280,835
Capital		
Infrastructure lifecycle, maintenance & replacement	819,785	1,778,279
Project reserve	1,067,169	587,292
Special purpose	465,913	3,311,712
Stabilization & contingency	1,379,500	1,379,500
	3,732,367	7,056,783
	\$ 4,986,794	\$ 8,337,618

11. Equity in tangible capital assets

	2024	2023
Tangible capital assets (schedule 2)	\$ 91,191,600	\$ 88,285,753
Accumulated amortization (schedule 2)	(35,367,006)	(33,918,542)
Asset retirement obligation (note 8)	(5,764,358)	(8,070,677)
Long-term debt (note 7)	(8,143,180)	(8,820,199)
Operating debt (note 7)	3,615,039	3,917,521
	\$ 45,532,095	\$ 41,393,856

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

12. Net municipal property taxes

	Budget (Unaudited)	2024	2023
Net municipal taxes (after requisitions)			
Real property taxes	\$ 2,128,417	\$ 2,134,043	\$ 1,958,458
Linear property taxes	191,388	192,180	178,786
Land and improvements	1,434,461	1,433,552	1,336,423
Government grants in place of property taxes	67,634	67,634	66,900
Farm land and other	2,300	2,320	2,281
	<u>3,824,200</u>	<u>3,829,729</u>	<u>3,542,848</u>
Requisitions			
Alberta School Foundation Fund	1,395,690	1,395,688	1,185,140
Willow Creek Foundation	133,255	133,251	113,454
Linear	1,270	1,267	1,185
	<u>\$ 1,530,215</u>	<u>\$ 1,530,206</u>	<u>\$ 1,299,779</u>

13. Government transfers

	Budget (Unaudited)	2024	2023
Transfers for operating:			
Provincial government	\$ 159,010	\$ 439,797	\$ 347,840
Other local government transfers	182,325	184,339	178,810
	<u>341,335</u>	<u>624,136</u>	<u>526,650</u>
Transfers for capital:			
Provincial government	305,000	258,181	335,241
Federal government	-	81,875	185,739
	<u>305,000</u>	<u>340,056</u>	<u>520,980</u>
	<u>\$ 646,335</u>	<u>\$ 964,192</u>	<u>\$ 1,047,630</u>

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

14. Expenses by object

	Budget (Unaudited)	2024	2023
Salaries, wages and benefits	\$ 3,337,525	\$ 3,503,973	\$ 3,070,219
Contracted and general services	2,697,535	2,746,460	2,756,397
Materials, goods and utilities	1,838,560	1,593,946	1,578,354
Bank charges and short term interest	17,500	17,999	16,897
Interest on long term debt	317,250	312,689	210,905
Other expenditures	105,000	110,956	113,221
Transfers to local boards and agencies	327,200	326,764	315,564
Amortization of tangible capital assets	2,078,000	2,094,731	2,033,505
Accretion of asset retirement obligation	-	225,665	219,824
Loss on disposal of tangible capital assets	-	-	753
	\$ 10,718,570	\$ 10,933,183	\$ 10,315,639

15. Contaminated sites liability

The Town adopted PS3260 Liability for Contaminated Sites. The Town did not identify any financial liabilities in 2024 (2023 - nil) as a result of this standard.

Draft - March 10, 2025

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

16. 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:

	(1) Salary	(2) Benefits & allowances	2024	2023
Council				
Mayor Brent Feyter	\$ 20,170	\$ 7,103	\$ 27,273	\$ 23,224
Councillor Gord Wolstenholme	15,604	6,799	22,403	20,631
Councillor Jim Monteith	14,621	6,077	20,698	20,089
Councillor Mackenzie Hengerer	11,599	6,592	18,191	16,902
Councillor Christina Fox	13,094	6,681	19,775	18,452
Councillor Aaron Poytress	12,684	6,657	19,341	18,147
Councillor Jeemeet Patel	8,140	1,399	9,539	-
Councillor Marco Van Huigenbos	1,193	799	1,992	16,307
Chief Administrative Officer - Burdett	160,500	29,175	189,675	162,440
Designated Officers (6)	\$ 480,398	\$ 99,132	\$ 579,530	\$ 533,085

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

(2) Benefits and allowances include the 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.

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

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

17. Debt limits and debt servicing limit

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town be disclosed as follows:

	2024	2023
Total debt limit	\$ 18,678,962	\$ 14,678,850
Total debt	8,143,180	8,820,199
	\$ 10,535,782	\$ 5,858,651
Debt servicing limit	\$ 3,113,160	\$ 2,446,475
Debt servicing	916,791	988,769
	\$ 2,196,369	\$ 1,457,706

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

18. 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 Pensions Plans Act. The LAPP is financed by the 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 2024 were \$166,573 (2023 - \$154,931). Total current service contributions by the employees of the Town to the LAPP in 2024 were \$148,127 (2023 - \$137,873).

At December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.06 billion.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

19. Segmented disclosure

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

Refer to the schedule of segmented disclosure (schedule 3).

20. Financial instruments

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the Town is not exposed to significant interest or risk arising from these financial instruments.

The Town 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 Town provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

Draft - March 10, 2025

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

21. Commitments and contingencies

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

b) Employees of the Town are allowed to accrue sick leave to a maximum of 1,120 hours. As at December 31, 2024 the amount of accumulated sick leave was \$474,899. The amount was not recorded in the financial statements as there is no certainty the full amount will be used. The amount of accumulated sick leave is not paid out to employees of the Town when they leave their position.

c) The Town has guaranteed repayment to a maximum of \$50,000 of an operating line of credit for the Empress Theatre Society to the Canadian Imperial Bank of Commerce. As at December 31, 2024 the outstanding operating line of credit balance was nil.

d) The Town has future commitments to complete the Macleod Landing subdivision. The cost to the Town is estimated to be \$6,221,000 and will be funded 50% by a debenture and 50% by reserves. The cost to date is \$3,967,373 of which \$3,150,104 has been included in construction in progress and \$817,269 included in land held for resale.

22. Budget amounts

The 2024 budget for the Town was approved by Council on April 22, 2024 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

	Budgeted surplus per financial statements	\$ 128,565
Less:	Capital expenditures	(1,306,000)
	Long-term debt repayments	(677,100)
	Transfers to reserves	(1,224,465)
Add:	Amortization of tangible capital assets	2,078,000
	Transfers from reserves	1,001,000
Equals:	Balanced budget	\$ -

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

23. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

24. Approval of financial statements

These financial statements were approved by Council and Management.

Draft - March 10, 2025

TOWN OF FORT MACLEOD
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

Schedule of changes in accumulated operating surplus				Schedule 1	
	Unrestricted	Restricted reserves	Equity in tangible capital assets	2024	2023
Balance, beginning of year	\$ 2,638,720	\$ 8,337,618	\$ 41,393,857	\$ 52,370,195	\$ 52,373,593
Excess (deficiency) of revenue over expenses	1,882,482	-	-	1,882,482	(3,398)
Unrestricted funds designated for future use	(77,807)	77,807	-	-	-
Restricted funds used for tangible capital assets	-	(3,428,631)	3,428,631	-	-
Current year funds used for tangible capital assets	(379,761)	-	379,761	-	-
Disposal of tangible capital assets	256,280	-	(256,280)	-	-
Amortization of tangible capital assets	2,094,731	-	(2,094,731)	-	-
Asset retirement obligation accretion expense	225,664	-	(225,664)	-	-
Asset retirement obligation change in estimate	(2,531,984)	-	2,531,984	-	-
Long-term debt related to tangible capital assets issued	39,604	-	(39,604)	-	-
Long-term debt related to tangible capital assets repaid	(414,141)	-	414,141	-	-
Change in accumulated surplus	1,095,068	(3,350,824)	4,138,238	1,882,482	(3,398)
Balance, end of year	\$ 3,733,788	\$ 4,986,794	\$ 45,532,095	\$ 54,252,677	\$ 52,370,195

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TOWN OF FORT MACLEOD
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

Schedule of tangible capital assets

Schedule 2

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2024	2023
Cost:									
Balance, beginning of year	\$ 263,310	\$ 2,237,862	\$ 32,408,181	\$ 45,615,997	\$ 5,641,966	\$ 1,869,776	\$ 248,661	\$ 88,285,753	\$ 86,678,058
Acquisitions	-	80,148	124,354	443,090	154,511	41,548	2,964,741	3,808,392	1,702,310
Disposals	-	-	-	(33,790)	(99,652)	(198,335)	-	(331,777)	(94,615)
Change in estimate	-	-	(570,768)	-	-	-	-	(570,768)	-
Balance, end of year	263,310	2,318,010	31,961,767	46,025,297	5,696,825	1,712,989	3,213,402	91,191,600	88,285,753
Accumulated amortization:									
Balance, beginning of year	-	1,195,427	12,504,110	16,950,799	2,326,892	941,314	-	33,918,542	31,973,282
Annual amortization	-	97,662	680,976	931,869	316,029	68,195	-	2,094,731	2,033,503
Disposals	-	-	-	(33,790)	(41,639)	(181,576)	-	(257,005)	(88,243)
Change in estimate	-	-	(389,262)	-	-	-	-	(389,262)	-
Balance, end of year	-	1,293,089	12,795,824	17,848,878	2,601,282	827,933	-	35,367,006	33,918,542
Net book value	\$ 263,310	\$ 1,024,921	\$ 19,165,943	\$ 28,176,419	\$ 3,095,543	\$ 885,056	\$ 3,213,402	\$ 55,824,594	\$ 54,367,211
2023 net book value	\$ 263,310	\$ 1,042,435	\$ 19,904,072	\$ 28,665,198	\$ 3,315,073	\$ 928,462	\$ 248,661	\$ 54,367,211	

There were no assets acquired as contributed tangible capital assets in 2024 (2023 - nil).

TOWN OF FORT MACLEOD
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2024

Schedule of segmented disclosure								Schedule 3
	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net municipal taxes	\$ 3,829,729	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,829,729
User fees and sales of goods	8,698	27,676	1,920	3,082,644	36,099	674,020	28,135	3,859,192
Government transfers for operating	64,534	9,000	170,521	10,000	288,081	-	82,000	624,136
Investment income	425,674	-	-	-	-	-	-	425,674
Penalties and costs of taxes	42,593	10,996	-	-	-	-	-	53,589
Licenses and permits	38,495	6,835	-	-	-	292,569	-	337,899
Franchise and concession contracts	628,530	-	-	-	-	-	-	628,530
Rental	44,385	-	11,692	-	-	-	215,624	271,701
Other	2,817	-	-	30,490	9,902	-	-	43,209
Gain on sale of tangible capital assets	2,378,981	-	-	-	-	-	-	2,378,981
	7,464,436	54,507	184,133	3,123,134	334,082	966,589	325,759	12,452,640
Expenses								
Salaries, wages and benefits	940,145	215,380	568,741	501,949	280,884	102,489	894,385	3,503,973
Contracted and general services	525,646	254,076	325,169	893,175	68,519	331,565	348,310	2,746,460
Materials, goods and utilities	133,524	43,809	490,909	416,567	80,481	12,512	416,144	1,593,946
Bank charges and short term interest	17,999	-	-	-	-	-	-	17,999
Interest on long term debt	20,818	-	33,169	38,024	-	219,629	1,049	312,689
Other expenditures	110,956	-	-	-	-	-	-	110,956
Transfers to local boards and agencies	287,200	-	-	39,564	-	-	-	326,764
Amortization of tangible capital assets	56,441	63,214	779,182	786,445	15,616	-	393,833	2,094,731
Accretion of asset retirement obligation	-	15,693	7,888	76,728	-	-	125,356	225,665
	2,092,729	592,172	2,205,058	2,752,452	445,500	666,195	2,179,077	10,933,183
Excess (deficiency) of revenue over expenses before capital revenue	5,371,707	(537,665)	(2,020,925)	370,682	(111,418)	300,394	(1,853,318)	1,519,457
Other								
Government transfers for capital	-	-	340,056	-	-	-	-	340,056
Capital donations	-	-	-	-	-	-	22,969	22,969
	-	-	340,056	-	-	-	22,969	363,025
Excess (deficiency) of revenue over expenses	\$ 5,371,707	\$ (537,665)	\$ (1,680,869)	\$ 370,682	\$ (111,418)	\$ 300,394	\$ (1,830,349)	\$ 1,882,482