

**TOWN OF CALMAR
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

**TOWN OF CALMAR
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YEAR ENDED DECEMBER 31, 2023**

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Mayor and Council of the Town of Calmar

The accompanying consolidated financial statements of the Town of Calmar are the responsibility of management and have been approved by Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In fulfilling its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

Council is composed entirely of individuals who are neither management nor employees of the Town. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for the appointment of the Town's external auditors.

JAM Accounting Group LLP is appointed by Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.



Chief Administrative Officer





ST. ARNAUD PINSENT STEMAN

CHARTERED PROFESSIONAL ACCOUNTANTS
AN ASSOCIATION TO PRACTISE CHARTERED PROFESSIONAL ACCOUNTANCY

Daniel J. St. Arnaud, CPA, CA ▪
John H.C. Pinsent, FCPA, FCA, ICD.D ▪
Benardus C. Steman, CPA, CA, CFA ▪
JAM Accounting Group LLP ◻

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councilors of the Town of Calmar

Opinion

We have audited the financial statements of the Town of Calmar (the Town), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and accumulated surplus, changes in net financial debt and cash flows and related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the town as at December 31, 2023, and the results of its operations and 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 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.

Other Matter

The financial statements for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 17, 2023.

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

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

In preparing the financial statements, management is responsible for assessing the 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.

(continues)

▪ Operating as a Professional Corporation ◻ Operating as a Limited Liability Partnership

1653 – 91 Street SW | Edmonton, AB T6X 0W8
Phone: (780) 448-0399 | Fax: (780) 468-6400 | www.sps-ca.ca

Independent Auditor's Report to the Mayor and Councilors of the Town of Calmar (*continued*)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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:

- 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 town 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.

Report on Other Legal and Regulatory Requirements

Debt Limit Regulation:

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

Supplementary Accounting Principles and Standards Regulation:

In accordance with Alberta regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 12.

JAM Accounting Group LLP


Edmonton, Alberta
April 24, 2024

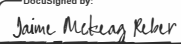
JAM Accounting Group LLP
Chartered Professional Accountants

**TOWN OF CALMAR
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023**

	2023 \$	2022 \$
ASSETS		
Cash and equivalents	2,783,416	2,317,426
Property taxes receivable (Note 3)	733,004	637,388
Trade and other account receivable	620,462	578,922
	<u>4,136,882</u>	<u>3,533,736</u>
LIABILITIES		
Accounts payable and accrued liabilities	453,074	295,569
Deposit liabilities	507,424	609,423
Deferred revenue (Note 6)	94,583	199,896
Capital lease (Note 8)	190,132	202,008
Asset retirement obligation (Note 7)	2,993,050	-
Long-term debt (Note 9)	3,500,920	3,816,261
	<u>7,739,183</u>	<u>5,123,157</u>
NET FINANCIAL DEBT	<u>(3,602,301)</u>	<u>(1,589,421)</u>
NON-FINANCIAL ASSETS		
Land inventory	200,000	200,000
Prepaid expenses	120,354	96,122
Tangible capital assets (Schedule II)	30,497,096	27,298,784
	<u>30,817,450</u>	<u>27,594,906</u>
ACCUMULATED SURPLUS (Schedule I)	<u>\$ 27,215,149</u>	<u>26,005,485</u>
CONTINGENCIES (Note 13)		
COMMITMENTS (Note 16)		

ON BEHALF OF COUNCIL

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 _____ Mayor

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 _____ Councilor

The accompanying notes form part of these financial statements

TOWN OF CALMAR
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2023

	Budget 2023 \$	Total 2023 \$	Total 2022 \$
REVENUES			
Net municipal property taxes <i>(Schedule III)</i>	3,059,454	3,058,959	3,064,356
Sales, user charges and costs recovered	1,946,650	2,042,132	1,889,575
Franchise and concession contracts	600,000	633,973	515,598
Government transfers <i>(Schedule IV)</i>	449,150	459,557	451,868
Penalties and costs on taxes	140,000	168,194	180,097
Interest income	20,000	145,946	47,633
Licenses and permits	61,200	64,694	60,495
Fines	70,000	37,914	5,547
	<u>6,346,454</u>	<u>6,611,369</u>	<u>6,215,169</u>
EXPENSES			
Transportation, roads, streets, walks and lighting	1,030,757	1,215,215	1,364,363
Parks and recreation	965,010	1,043,261	932,378
Water	848,787	984,521	879,888
Administrative	679,470	690,500	510,141
Sewer	456,937	432,271	468,257
Fire and disaster services	278,396	296,046	167,182
Waste management	323,769	294,023	304,537
By-law enforcement	243,733	228,892	243,888
Land use, planning and development	216,872	211,406	197,471
Library	189,373	200,627	194,696
Economic development	222,625	176,665	225,779
Legislative	217,159	169,953	180,538
Police	88,000	88,764	-
Community support services	85,565	77,168	124,769
	<u>5,846,453</u>	<u>6,109,312</u>	<u>5,793,887</u>
Excess (deficiency) of revenue before other	500,001	502,057	421,282
Other			
Government transfers (Schedule IV)	616,255	707,607	462,465
EXCESS OF REVENUES OVER EXPENSES	1,116,256	1,209,664	883,747
ACCUMULATED SURPLUS - BEGINNING OF YEAR	-	26,005,485	25,121,738
ACCUMULATED SURPLUS - END OF YEAR	<u>1,116,256</u>	<u>27,215,149</u>	<u>26,005,485</u>

The accompanying notes form part of these financial statements

TOWN OF CALMAR
STATEMENT OF CHANGES IN NET FINANCIAL DEBT
YEAR ENDED DECEMBER 31, 2023

	Budget 2023 \$	2023 \$	2022 \$
Excess of revenue over expenses	1,116,256	1,209,664	883,747
Asset retirement obligation capital assets	-	(2,993,050)	-
Purchase of tangible capital assets	(1,448,000)	(1,275,293)	(636,649)
Amortization of tangible capital assets	-	1,070,031	1,069,756
Decrease (increase) in prepaid expenses	-	(24,232)	9,339
	(1,448,000)	(3,222,544)	442,446
Change in net debt	(331,744)	(2,012,880)	1,326,193
NET FINANCIAL DEBT - BEGINNING OF YEAR	(1,460,297)	(1,589,421)	(2,915,614)
NET FINANCIAL DEBT - END OF YEAR	(1,792,041)	(3,602,301)	(1,589,421)

The accompanying notes form part of these financial statements

TOWN OF CALMAR
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	1,209,664	883,747
Items not affecting cash:		
Amortization of tangible capital assets	1,070,031	1,069,757
Asset retirement obligation tangible capital assets	<u>(2,993,050)</u>	<u>-</u>
	<u>(713,355)</u>	1,953,504
Changes in non-cash working capital:		
Trade and other accounts receivable	(41,540)	761,996
Deferred revenue	(105,313)	199,896
Prepaid expenses	(24,232)	9,337
Property taxes receivable	(95,617)	36,034
Deposit liabilities	(101,999)	38,523
Accounts payable and accrued liabilities	157,506	(99,351)
Asset retirement obligation	<u>2,993,050</u>	<u>-</u>
	<u>2,781,855</u>	946,435
Cash flow from operating activities	<u>2,068,500</u>	2,899,939
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(1,275,293)</u>	(943,132)
FINANCING ACTIVITIES		
Repayment of long-term debt	(315,341)	(310,719)
Repayment of obligations under capital lease	<u>(11,876)</u>	<u>(12,468)</u>
Cash flow used by financing activities	<u>(327,217)</u>	(323,187)
INCREASE IN CASH FLOW	465,990	1,633,620
Cash - beginning of year	<u>2,317,426</u>	683,806
CASH - END OF YEAR	<u>2,783,416</u>	<u>2,317,426</u>

The accompanying notes form part of these financial statements

TOWN OF CALMAR
SCHEDULE I - SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2023

	Unrestricted Surplus \$	Restricted Surplus \$	Equity in Tangible Assets (Note 11) \$	2023 \$	2022 \$
Balance, beginning of year	637,444	2,087,527	23,280,515	26,005,485	25,121,737
Excess of revenues over expenses	1,209,664	-	-	1,209,664	883,748
Unrestricted funds designated for future use	(1,410,265)	1,410,265	-	-	-
Contributions from operations - prior year adjustment	47,100	(47,100)	-	-	-
Current year funds used for tangible capital assets	(506,132)	(769,161)	1,275,293	-	-
Addition of ARO tangible capital assets	(2,993,050)	-	2,993,050	-	-
Annual amortization	1,070,032	-	(1,070,032)	-	-
Asset retirement obligation liability	2,993,050	-	(2,993,050)	-	-
Capital lease obligation repaid	(11,876)	-	11,876	-	-
Long-term debt repaid	(315,341)	-	315,341	-	-
Change in accumulated surplus	83,182	594,004	532,478	1,209,664	883,748
Balance, end of year	720,626	2,681,531	23,812,993	27,215,149	26,005,485

The accompanying notes form part of these financial statements

TOWN OF CALMAR
SCHEDULE II - SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2023

	Land \$	Land Improvement \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	Vehicles \$	Construction in Progress \$	2023 \$	2022 \$
Cost:									
Balance, beginning of year	1,292,123	211,360	14,708,287	26,209,315	3,821,615	617,804	52,031	46,912,535	46,275,886
Acquisition of tangible capital assets	-	-	587,495	3,552,826	128,022	-	-	4,268,343	625,343
Construction-in-progress	-	-	-	11,974	-	-	(11,974)	-	24,315
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	(13,009)
Balance, end of year	1,292,123	211,360	15,295,782	29,774,115	3,949,637	617,804	40,057	51,180,878	46,912,535
Accumulated amortization:									
Balance, beginning of year	-	104,602	5,487,649	11,782,524	1,789,883	449,093	-	19,613,751	18,543,994
Annual amortization	-	4,050	317,224	493,773	237,151	17,834	-	1,070,032	1,069,757
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	-
Balance, end of year	-	108,652	5,804,873	12,276,297	2,027,034	466,927	-	20,683,783	19,613,751
Net book value	1,292,123	102,708	9,490,909	17,497,819	1,922,603	150,877	40,057	30,497,096	27,298,784
2022 net book value	1,292,123	106,758	9,220,638	14,426,791	2,031,732	168,711	52,031	-	27,298,784

The accompanying notes form part of these financial statements

TOWN OF CALMAR
SCHEDULE III - SCHEDULE OF PROPERTY TAXES LEVIED
YEAR ENDED DECEMBER 31, 2023

	2023 <i>Budget</i> \$	2023 \$	2022 \$
Taxation			
Real property taxes	3,807,534	3,807,041	3,903,553
Requisitions			
Alberta School Foundation Fund	740,980	740,979	770,842
Leduc Foundation	7,100	7,103	7,040
RCMP Cost Funding Model	-	-	61,315
Requisition Total	748,080	748,082	839,197
Net municipal property taxes	3,059,454	3,058,959	3,064,356

TOWN OF CALMAR
SCHEDULE IV - SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2023

	2023 \$	2023 \$	2022 \$
Operating			
Local	405,250	383,396	387,218
Provincial	43,900	76,161	43,992
Federal	-	-	20,658
	<u>449,150</u>	<u>459,557</u>	<u>451,868</u>
Capital			
Provincial	573,255	687,329	220,781
Local	43,000	20,278	-
Federal	-	-	241,684
	<u>616,255</u>	<u>707,607</u>	<u>462,465</u>
Total government transfers	<u>1,065,405</u>	<u>1,167,164</u>	<u>914,333</u>

The accompanying notes form part of these financial statements

TOWN OF CALMAR
SCHEDULE V - CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
YEAR ENDED DECEMBER 31, 2023

	2023 \$	2023 \$	2022 \$
Consolidated expenses by object			
Salaries, wages and benefits	2,142,818	2,145,261	1,941,004
Contracted and general services	1,982,162	1,499,857	1,518,972
Amortization of tangible capital assets	-	1,070,032	1,069,757
Materials, goods and utilities	1,164,800	869,677	792,383
Purchases from other governments	420,000	370,916	364,482
Interest on long-term debt	126,073	140,060	94,434
Bank charges and short term interest	8,200	10,141	9,195
Transfers to individuals and organizations	2,400	2,400	2,400
Provision for allowances	-	968	1,260
	<u>5,846,453</u>	<u>6,109,312</u>	<u>5,793,887</u>

TOWN OF CALMAR
SCHEDULE VI - SCHEDULE OF SEGMENTED DISCLOSURE A
YEAR ENDED DECEMBER 31, 2023

	General Government \$	Transportation, Roads, Streets \$	Legislative and Administrative \$	Environmental Services \$	Parks and Recreation \$	Protective Services \$
Revenue						
Net municipal taxes	3,058,959	-	-	-	-	-
Sales, user charges, and costs	-	6,863	37,869	1,634,835	233,361	88,960
Government transfers	54,684	-	99,579	587,751	274,643	11,346
Franchise and concession contracts	633,973	-	-	-	-	-
Penalties and costs on taxes	168,194	-	-	-	-	-
Licenses and permits	-	-	-	-	-	20,035
Interest income	145,946	-	-	-	-	-
Fines	-	-	-	-	-	37,914
Revenue total	4,061,756	6,863	137,448	2,222,586	508,004	158,255
Expenses						
Salaries, wages, and benefits	-	158,515	449,913	424,030	534,344	187,289
Contracted and general services	-	101,290	298,385	293,313	251,854	348,596
Materials, goods and utilities	-	323,946	56,781	251,899	146,708	34,928
Purchases from other governments	-	-	-	370,916	-	-
Interest on long-term debt	-	101,872	-	32,290	5,898	-
Bank charges and short-term interest	-	-	10,141	-	-	-
Transfers to individuals and organizations	-	-	-	-	-	2,400
Provision for allowances	-	-	746	222	-	-
Expenses total	-	685,623	815,966	1,372,670	938,804	573,213
Net revenue, before amortization total	4,061,756	(678,760)	(678,518)	849,916	(430,800)	(414,958)
Amortization expense	-	529,591	44,487	338,145	104,458	40,488
Net revenue	4,061,756	(1,208,351)	(723,005)	511,771	(535,258)	(455,446)

The accompanying notes form part of these financial statements

TOWN OF CALMAR
SCHEDULE VI - SCHEDULE OF SEGMENTED DISCLOSURE A
YEAR ENDED DECEMBER 31, 2023

	Library \$	Community Support \$	Land Use and Development \$	Economic Development \$	2023 \$	2022 \$
Revenue						
Net municipal taxes	-	-	-	-	3,058,959	3,064,356
Sales, user charges, and costs	1,101	22,608	15,585	950	2,042,132	1,889,575
Government transfers	101,613	37,548	-	-	1,167,164	914,333
Franchise and concession contracts	-	-	-	-	633,973	515,598
Penalties and costs on taxes	-	-	-	-	168,194	180,097
Licenses and permits	-	-	44,659	-	64,694	60,495
Interest income	-	-	-	-	145,946	47,633
Fines	-	-	-	-	37,914	5,547
Revenue total	102,714	60,156	60,244	950	7,318,976	6,677,634
Expenses						
Salaries, wages, and benefits	123,700	42,387	94,959	130,125	2,145,261	1,941,009
Contracted and general services	30,916	31,324	115,073	29,106	1,499,857	1,518,972
Materials, goods, and utilities	33,150	3,457	1,374	17,434	869,677	792,383
Purchases from other governments	-	-	-	-	370,916	364,482
Interest on long-term debt	-	-	-	-	140,060	94,434
Bank charges and short-term interest	-	-	-	-	10,141	9,195
Transfers to individuals and organizations	-	-	-	-	2,400	2,400
Provision for allowances	-	-	-	-	968	1,260
Expenses total	187,766	77,168	211,406	176,665	5,039,280	4,724,135
Net revenue before amortization total	(85,052)	(17,011)	(151,162)	(175,715)	2,279,696	1,953,503
Amortization expense	12,861	-	-	-	1,070,032	1,069,756
Net Revenue	(97,913)	(17,011)	(151,162)	(175,715)	1,209,664	883,747

The accompanying notes form part of these financial statements

TOWN OF CALMAR
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

1. Significant accounting policies

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

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources, including the Calmar Public Library.

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

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

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.

Management uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the year. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Trade and other accounts receivable and property taxes 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 lives of tangible capital assets.

Cash and equivalents

Cash and equivalents include balances with banks and short term investments with maturities of three months or less.

Property tax 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.

(continues)

TOWN OF CALMAR
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

1. Significant accounting policies (continued)

Liability for contaminated sites

A liability for the 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 Town 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 as at December 31, 2023.

At each financial reporting date, the Town 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 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. The Town has not identified any contaminated sites for which a liability is expected.

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 obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

i. Government transfers

Government transfers are the transfer of assets from senior levels of the 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.

The Town recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Town recognizes as a revenue as the liability is settled.

ii. Tax revenue

The Town recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by Council, and the taxable event has occurred. Tax revenue is initially measured at management's best estimate of the amount, resulting from the original taxable event in accordance with legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the Town evaluates the tax receivable for collectibility and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

iii. Utility service revenue

The Town recognizes the provision of utility services as assets and revenue when they meet the definition of an asset in the period the utility services are provided to the customers.

iv. Fines and penalties

Traffic fine revenue is recorded as cash is received, which is not materially different than recording such revenue on an accrual basis.

(continues)

TOWN OF CALMAR
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

1. Significant accounting policies (continued)

v. Other revenue

Other sources of revenue are recorded when received or receivable.

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.

Non-financial assets

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations.

i. Tangible capital assets

Buildings	40-65 years
Land improvements	15-60 years
Engineered structures	
Water system	40 years
Wastewater system	40 years
Other engineered structures	10-40 years
Machinery and equipment	5-25 years
Vehicles	5-20 years
ARO assets	10-100 years

Amortization is not charged in the year of acquisition. 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 are also recorded as revenue.

(continues)

TOWN OF CALMAR
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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 incurred.

iv. Cultural and historical tangible capital assets

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

v. Prepaid expenses

Prepaid expenses include pre-payments on goods and services which will be utilized in the following fiscal year.

Segments

The Town conducts its business through a number of reportable segments. These operating segments are established by senior management to facilitate the achievement of the Town's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

2. Cash and equivalents

	2023	2022
	\$	\$
Cash	2,764,807	2,312,855
Petty cash and floats	18,609	4,571
	2,783,416	2,317,426

3. Property taxes receivable

	2023	2022
	\$	\$
Current property taxes receivable	324,286	404,140
Arrears of property taxes receivable	408,718	233,248
	733,004	637,388

4. Tax sale proceeds

Tax sale proceeds and the associated liabilities consist of the excess funds collected on the sale of seized properties put up for tax auction after outstanding property taxes were recovered. Under the *Municipal Government Act*, the Town is required to hold these funds for up to 10 years and attempted to disperse them to the former property owners.

5. Bank indebtedness

The Town has a revolving line of Credit with ATB Financial with a maximum limit of \$2,000,000 (2022- \$3,224,000). Interest accrues monthly on the outstanding balance at a rate of prime minus 0.25%. The line of credit arrangement is reviewed annually by the bank with the most recent review date of December 31, 2023. As at December 31, 2023, the prime rate was 7.20% (2022 - 6.45%). As of December 31, 2023 the Town had drawn \$nil (2022 - \$nil) on the line of credit.

TOWN OF CALMAR
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

6. Deferred revenue

	2023	2022
	\$	\$
Ice Rental Operating Grant	94,583	9,797
Municipal Sustainability Initiative	-	37,395
Canada Community-Building Fund	-	152,704
	94,583	199,896

Included in the Town's deferred revenue are government transfers and other funds received, including interest, that are restricted to eligible capital projects as approved under the funding agreements.

7. Asset Retirement Obligation

Hazardous building material abatement

The Town owns buildings which contain hazardous building materials (HBMs) and, therefore, the Town is legally required to perform abatement activities upon renovation or demolition of these buildings. Abatement activities include handling and disposing of the HBMs in a prescribed manner when it is disturbed. The estimated total liability for the abatement activities for these buildings is \$179,250 adjusted annually for inflation.

One of the buildings owned by the Town was built on a former landfill. The estimated total future liability for the sampling and testing of soil and water at this site is \$370,000 adjusted annually for inflation.

Lagoon

The Town operates a lagoon which is comprised of three treatment cells for the treatment and storage of waste water prior to its release. The Town is legally required to decommission and remediate this site. The estimated total liability for the decommissioning, remediation and reclamation of the lagoon is \$2,006,800 adjusted annually for inflation.

Commingled plume

The Town owns land in which a commingled petroleum hydrocarbon plume of impacted soil and groundwater is present. Annual groundwater monitoring is to be conducted as part of the Town's Risk Management Plan (RMP). The estimated total future liability for the sampling and testing of soil and water is \$150,000 adjusted annually for inflation. The estimated total liability for the soil requiring remediation in the future related to potential utility upgrades or replacements is \$287,000 adjusted annually for inflation.

	2023	2022
	\$	\$
<u>Total asset retirement obligations</u>		
Beginning balance	-	-
Liabilities incurred	2,993,050	-
Liabilities settled	-	-
Accretion expense	-	-
Estimated total liability	2,993,050	-

TOWN OF CALMAR
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

8. Obligations under capital lease

	2023	2022
	\$	\$
Equipment lease, due 2024 with a net book value of \$342,457 (2022 - \$357,346). The lease bears interest at 3.46%.	190,132	202,008

9. Long-term debt

Tax supported debentures as of December 31, 2023 were \$3,500,920 (2022 - \$3,816,261). Payments of interest and principal are due as follows:

	Principal	Interest	Total
	\$	\$	\$
2024	326,906	96,283	423,189
2025	262,772	85,225	347,997
2026	271,295	76,702	347,997
2027	222,283	68,506	290,789
2028	228,858	61,931	290,789
To maturity	2,188,806	306,636	2,495,442
	3,500,920	695,283	4,196,203

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 2.46% to 5.18% per annum before Provincial subsidy, and mature in periods 2024 through 2039. The average annual interest rate is 3.72% for 2023 (2022 - 3.72%). Debenture debt is issued on the credit and security of the Town of Calmar at large.

The Town's cash payments for interest in 2023 were \$107,879 (2022 - \$120,873).

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 Town of Calmar be disclosed as follows:

	2023	2022
	\$	\$
Total debt limit	9,917,054	9,322,754
Total debt	3,500,920	3,816,261
Amount of debt limit unused	6,289,538	5,506,493
Service on debt limit	1,652,842	1,553,792
Service on debt	423,189	423,189
Amount of debt servicing limit unused	1,208,554	1,130,603

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/00) and the debt service limit is calculated 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 a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Town. Rather, the consolidated financial statements must be interpreted as a whole.

TOWN OF CALMAR
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

11. Equity in tangible capital assets

	2023	2022
	\$	\$
Tangible capital assets	51,180,877	46,912,535
Accumulated amortization	(20,683,782)	(19,613,751)
Capital lease	(190,132)	(202,008)
Asset retirement obligation	(2,993,050)	-
Long-term debt	(3,500,920)	(3,816,261)
	23,812,993	23,280,515

12. 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

	Months	Salary/ remuneration	Benefits & allowances	2023	2022
	\$	\$	\$	\$	\$
Mayor Carnahan	12	26,019	1,493	27,512	26,494
Councillor Faulkner	12	16,743	1,494	18,237	15,098
Councillor Gardner	12	17,962	1,494	19,456	17,911
Councillor McKeag	12	16,584	1,494	18,078	15,199
Councillor Benson	12	12,742	1,467	14,209	13,981
CAO	12	165,866	12,009	177,875	110,126
CAO (acting)	-	-	-	-	71,169
Designated officers	47	344,557	15,842	360,399	285,605

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

Benefits and allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees including RRSPs, dental coverage, vision coverage, group life insurance and accidental disability and disbursement insurance.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits.

TOWN OF CALMAR
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

13. Contingencies

The Town is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of the 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 losses are determined.

In the normal conduct of operations, there are pending claims by and against the Town. 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 other litigations will not materially affect the Town's financial position or results of operations.

14. Guarantees

The Town guarantees the balances of its credit cards to a maximum of \$37,000 (2022 - \$37,000).

15. Segments

The Town provides a range of services to its ratepayers. For each reported segment, the revenue, 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 Schedule VI - Schedule of Segmented Disclosure.

16. Commitments

The Town has entered into a Disaster Services Agreement with Leduc County with annual payments of \$20,000 until 2027.

17. Financial instruments

The town is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the town's risk exposure and concentration as of December 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The financial instruments that potentially subject the Society to significant concentration of credit risk consist primarily of cash, restricted cash, and investments. The Society mitigates its exposure to credit loss by placing its cash, restricted cash, and investments with major financial institutions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate price risk to the extent that the investments bear interest at fixed rates.

18. Budget

The budget data presented in these financial statements is based on the operating and capital budgets presented and approved by Town Council.

TOWN OF CALMAR
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

19. Comparative figures

The prior year comparative figures were audited by another firm of Chartered Professional Accountants. Some of the comparative figures have been reclassified to conform to the current year's presentation.

20. Approval of financial statements

These financial statements were approved by Council and Management.