

TOWN OF FORT MACLEOD

Consolidated Financial Statements

For the year ended December 31, 2023

TOWN OF FORT MACLEOD
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For the year ended December 31, 2023

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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, 2023, 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, 2023, 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 2 to the financial statements which describes the amendments made to the prior year's figures as a result of adopting the new accounting standard PS 3280 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

INDEPENDENT AUDITOR'S REPORT, continued

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 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 8, 2024



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, 2023 and the results of its operations for the yearend then 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.

Anthony Burdett

Chief Administrative Officer

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2023

	2023	2022 (restated)
Financial assets		
Cash and temporary investments (note 3)	\$ 5,990,171	\$ 1,765,558
Taxes and grants in place of taxes receivable (note 4)	147,313	240,939
Trade and other receivables (note 5)	461,692	325,534
Land held for resale	1,178,053	1,361,037
Investments (note 6)	8,030,048	8,905,897
	15,807,277	12,598,965
Liabilities		
Accounts payable and accrued liabilities	762,332	780,501
Deposits	307,321	348,038
Deferred revenue (note 7)	194,253	104,756
Long-term debt (note 8)	8,820,199	6,232,791
Asset retirement obligation (note 9)	8,070,677	7,850,853
	18,154,782	15,316,939
Net financial debt	(2,347,505)	(2,717,974)
Non-financial assets		
Prepaid expenses	6,000	55,947
Inventory for consumption	344,486	330,841
Tangible capital assets (schedule 2)	54,367,212	54,704,777
	54,717,698	55,091,565
Accumulated surplus (note 10 and schedule 1)		
Accumulated operating surplus	52,370,193	52,373,591
Accumulated rereasurement gains (losses)	-	-
	\$ 52,370,193	\$ 52,373,591

Commitments and contingencies (note 23)

Approved on behalf of Council:

Councillor Brent Feyter

Councillor Mackenzie Hengerer

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2023

	Budget (Unaudited)	2023	2022 (restated)
Revenue			
Net municipal taxes (note 13)	\$ 3,528,375	\$ 3,542,848	\$ 3,265,000
User fees and sales of goods	3,795,100	4,218,180	4,036,357
Government transfers for operating (note 14)	288,100	526,650	500,009
Investment income	175,000	329,299	193,323
Penalties and costs of taxes	50,500	61,225	57,779
Licenses and permits	146,000	160,322	149,656
Franchise and concession contracts	593,000	582,243	577,198
Rental	234,250	274,232	240,753
Other	14,200	90,902	33,770
	8,824,525	9,785,901	9,053,845
Expenses (note 15)			
General government			
Legislative	157,500	166,126	142,379
Administration	1,702,100	1,635,592	1,641,736
Protective services			
Fire	208,170	232,046	205,484
Emergency measures and disaster services	9,150	3,825	10,237
Bylaw enforcement	334,920	327,583	245,241
Transportation services			
Roads, streets, walks, lighting	1,766,655	2,024,876	2,306,747
Airport	21,890	18,425	11,000
Environmental use and protection			
Water supply and distribution	971,130	1,049,989	975,730
Wastewater treatment and disposal	1,011,110	1,030,634	1,006,743
Waste management	728,565	657,632	645,167
Public health and welfare			
Family and community support services	197,050	281,913	275,920
Cemeteries and columbarium	160,000	134,712	102,966
Planning and development			
Land use planning, zoning and development	341,700	365,069	364,397
Subdivision land and development	154,500	346,001	168,038
Recreation and culture			
Parks and recreation	1,512,895	1,617,463	1,473,089
Culture - libraries, museums, halls	403,305	423,753	396,028
	9,680,640	10,315,639	9,970,902
Deficiency of revenue over expenses before capital revenue	(856,115)	(529,738)	(917,057)
Capital revenue			
Government transfers for capital (note 14)	260,000	520,980	1,063,084
Capital donations	-	5,360	130,986
	260,000	526,340	1,194,070
(Deficiency) excess of revenue over expenses	(596,115)	(3,398)	277,013
Accumulated operating surplus, beginning of year	52,373,591	52,373,591	52,096,578
Accumulated operating surplus, end of year	\$ 51,777,476	\$ 52,370,193	\$ 52,373,591

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
For the year ended December 31, 2023

	2023	2022
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	\$ -	\$ -

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT
For the year ended December 31, 2023

	Budget (Unaudited)	2023	2022 (restated)
(Deficiency) excess of revenue over expenses	\$ (596,115)	\$ (3,398)	\$ 277,013
Acquisition of tangible capital assets	(7,778,000)	(1,702,311)	(3,083,590)
Amortization of tangible capital assets	1,752,000	2,033,505	1,927,186
Loss on disposal of tangible capital assets	-	753	392,449
Proceeds on disposal of tangible capital assets	-	5,617	22,500
	(6,026,000)	337,564	(741,455)
Net change in inventory for consumption	-	(13,644)	(32,114)
Net change in prepaid expense	-	49,947	(55,947)
	-	36,303	(88,061)
Increase in net financial debt	(6,622,115)	370,469	(552,503)
Net financial debt, beginning of year	(2,717,974)	(2,717,974)	(2,165,471)
Net financial debt, end of year	\$ (9,340,089)	\$ (2,347,505)	\$ (2,717,974)

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2023

	2023	2022 (restated)
Operating transactions		
(Deficiency) excess of revenue over expenses	\$ (3,398)	\$ 277,013
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	753	392,449
Amortization of tangible capital assets	2,033,505	1,927,186
Accretion of asset retirement obligation	219,824	213,836
	2,250,684	2,810,484
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	93,626	93,182
Trade and other receivables	(136,160)	316,780
Land held for resale	182,984	1,139
Inventory for consumption	(13,644)	(32,114)
Prepaid expenses	49,947	(55,947)
Accounts payable and accrued liabilities	(18,169)	(14,707)
Deposits	(40,717)	38,142
Deferred revenue	89,497	(620,047)
	2,458,048	2,536,912
Capital transactions		
Proceeds on disposal of tangible capital assets	5,617	22,500
Acquisition of tangible capital assets	(1,702,311)	(3,083,590)
	(1,696,694)	(3,061,090)
Investing transactions		
Decrease in investments	875,850	2,306,198
Financing transactions		
Proceeds of long-term debt	3,100,500	-
Repayment of long-term debt	(513,091)	(562,333)
	2,587,409	(562,333)
Increase in cash and temporary investments	4,224,613	1,219,687
Cash and temporary investments, beginning of year	1,765,558	545,871
Cash and temporary investments, end of year	\$ 5,990,171	\$ 1,765,558

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

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.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

1. Significant accounting policies, continued

(d) Valuation of financial assets and liabilities

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

<u>Financial statement component</u>	<u>Measurement</u>
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.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

1. Significant accounting policies, continued

(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.

(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.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

1. Significant accounting policies, continued

(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.

(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

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

1. Significant accounting policies, continued

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.

(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 2023, 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) Revenue

PS3400, Revenue establishes standards on how to account for and report on revenue, specifically in regard to revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions). This standard is applicable for fiscal years beginning on or after April 1, 2023.

b) Purchased Intangibles

PSG-8, Purchased Intangibles, allows for purchased intangible assets to be recognized as assets in the public sector entity's financial statements. This standard is applicable for fiscal years beginning on or after April 1, 2023.

c) Public Private Partnerships

PS3160, Public Private Partnerships, establishes standards on how to account for certain arrangements between public and private entities. The standard provides guidance on situations where a public entity acquires infrastructure asset past the point where it is ready for use. This standard is applicable for fiscal years beginning on or after April 1, 2023.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

2. Change in accounting policy

Effective January 1, 2023, the Town adopted the new accounting standard PS 3280 Asset Retirement Obligations and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

On the effective date of the PS 3280 standard, the Town recognized the following to conform to the new standard:

- asset retirement obligations, adjusted for accumulated accretion to the effective date;
- asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- accumulated amortization on the capitalized cost; and
- adjustment to the opening balance of the accumulated surplus/deficit.

Amounts are measured using information, assumptions and discount rates where applicable that are current on the effective date of the standard. The amount recognized as an asset retirement cost is measured as of the date the asset retirement obligation was incurred. Accumulated accretion and amortization are measured for the period from the date the liability would have been recognized had the provisions of this standard been in effect to the date as of which this standard is first applied.

Impact on the prior year's financial statements as a result of the change in accounting policy is as follows:

	2022		
	As previously reported	Adjustment recognized	As restated
Statement of operations			
Revenue	9,053,845	-	9,053,845
Expenses	9,721,958	248,944	9,970,902
Capital revenue	1,194,070	-	1,194,070
(Deficiency) excess of revenue over expenses	525,957	(248,944)	277,013
Accumulated surplus (deficit), beginning of year	58,677,263	(6,580,685)	52,096,578
Accumulated surplus (deficit), end of year	59,203,220	(6,829,629)	52,373,591
Statement of financial position			
Financial assets	12,598,965	-	12,598,965
Liabilities	7,466,086	7,850,853	15,316,939
Net financial assets (net debt)	5,132,879	(7,850,853)	(2,717,974)
Non-financial assets	54,070,341	1,021,224	55,091,565
Accumulated surplus (deficit), end of year	59,203,220	(6,829,629)	52,373,591
Statement of Change in Net Financial Assets			
(Deficiency) excess of revenue over expenses	525,957	(248,944)	277,013
Net financial assets (net debt), beginning of year	5,471,545	(7,637,016)	(2,165,471)
Net financial assets (net debt), end of year	5,132,879	(7,850,853)	(2,717,974)

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

3. Cash and temporary investments

	2023	2022
Cash	\$ 69,755	\$ 141,750
Temporary investments	5,920,416	1,623,808
	\$ 5,990,171	\$ 1,765,558

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 \$194,253 (2022 - \$104,756) (note 7).

4. Taxes and grants in place of taxes receivable

	2023	2022
Current taxes and grants in place of taxes receivable	\$ 88,111	\$ 135,955
Arrears	59,202	104,984
	\$ 147,313	\$ 240,939

5. Trade and other receivables

	2023	2022
Trade accounts	\$ 191,806	\$ 209,082
GST receivable	84,147	66,452
Federal government	185,739	50,000
	\$ 461,692	\$ 325,534

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

6. Investments

	2023		2022	
	Carrying value	Market value	Carrying value	Market value
Government/government guaranteed bonds - amortized cost	\$ 8,030,048	\$ 7,983,297	\$ 8,905,897	\$ 9,523,070
	\$ 8,030,048	\$ 7,983,297	\$ 8,905,897	\$ 9,523,070

Government and government guaranteed bonds have effective interest rates of 1.2% - 3.8% (2022 - 1.2% - 3.89%) with maturity dates from June 2024 to January 2033.

Investment income recognized in the statement of operations includes \$329,299 (2022 - \$193,322) of interest income.

Unrealized gains on equity instruments carried at fair value of \$0 (2022 - \$0) have been recognized in the statement of remeasurement gains and losses.

7. Deferred revenue

	2023	2022
Alberta Community Partnership (ACP)	\$ 108,113	\$ 63,224
Family and Community Support Services (FCSS)	40,903	9,695
Municipal District of Willow Creek restricted reserve	36,900	24,600
Housing needs assessment	4,745	4,745
Bike park	2,492	2,492
Rural Development Network	1,000	-
Food bank donations	100	-
	\$ 194,253	\$ 104,756

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 3).

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

8. Long-term debt

	2023	2022
Tax supported debentures - capital	\$ 4,902,678	\$ 5,307,139
Tax supported debentures - operating	3,917,521	925,652
	\$ 8,820,199	\$ 6,232,791

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2024	\$ 677,019	\$ 315,554	\$ 992,573
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
Thereafter	5,723,826	1,092,405	6,816,231
	\$ 8,820,199	\$ 2,458,035	\$ 11,278,234

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 2024 through 2038. The average annual interest rate is 3.87% for 2023 (3.12% for 2022).

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

Interest on long-term debt amounted to \$210,905 (2022 - \$178,786).

The Town's total cash payments for interest in 2023 were \$165,025 (2022 - \$181,308).

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

9. Asset retirement obligation

Engineering Structures

The Town owns and operates a wastewater treatment plant and water treatment plant where there is a legal 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 of 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 the building. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed.

At December 31, 2023, the undiscounted amount (2022 - discounted) of future cash flows required to settle this obligation is \$8,070,677 (2022 - \$7,850,853) and is discounted using a discount rate of 2.8%.

The Town has not designated assets for settling the engineer structures' retirement activities.

Asset retirement obligations are expected to be settled over the next 10 to 37 years.

	2023	2022 (restated - see note 2)
Balance, beginning of year	\$ 7,850,853	\$ 7,637,017
Liabilities incurred	-	-
Liabilities settled	-	-
Change in estimated cash flows	-	-
Accretion expenses	219,824	213,836
Balance, end of year	\$ 8,070,677	\$ 7,850,853

10. Accumulated operating surplus

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

	2023	2022 (restated)
Unrestricted surplus	\$ 2,638,718	\$ 2,566,902
Internally restricted reserves (note 11)	8,337,618	8,259,904
Equity in tangible capital assets (note 12)	41,393,857	41,546,785
Total	\$ 52,370,193	\$ 52,373,591

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

11. 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.

	2023	2022
Operating		
Project reserve	\$ 116,285	\$ 116,285
Infrastructure lifecycle, maintenance & replacement	370,000	370,000
Stabilization & contingency	680,800	680,800
Special purpose	113,750	107,886
	1,280,835	1,274,971
Capital		
Infrastructure lifecycle, maintenance & replacement	1,778,279	1,131,788
Project reserve	587,292	1,216,661
Special purpose	3,311,712	3,256,984
Stabilization & contingency	1,379,500	1,379,500
	7,056,783	6,984,933
	\$ 8,337,618	\$ 8,259,904

12. Equity in tangible capital assets

	2023	2022 (restated)
Tangible capital assets (schedule 2)	\$ 88,285,754	\$ 86,678,058
Accumulated amortization (schedule 2)	(33,918,542)	(31,973,281)
Asset retirement obligation (note 9)	(8,070,677)	(7,850,853)
Long-term debt (note 8)	(8,820,199)	(6,232,791)
Operating debt (note 8)	3,917,521	925,652
	\$ 41,393,857	\$ 41,546,785

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

13. Net municipal property taxes

	Budget (Unaudited)	2023	2022
Net municipal taxes (after requisitions)			
Real property taxes	\$ 3,329,101	\$ 3,342,836	\$ 3,051,778
Linear property taxes	178,774	178,786	192,346
Government grants in place of property taxes	20,500	21,226	20,876
	<u>3,528,375</u>	<u>3,542,848</u>	<u>3,265,000</u>
Requisitions			
Alberta School Foundation Fund	1,185,145	1,185,140	1,136,294
Willow Creek Foundation	113,455	113,454	102,601
Linear	1,185	1,185	1,153
	<u>\$ 1,299,785</u>	<u>\$ 1,299,779</u>	<u>\$ 1,240,048</u>

14. Government transfers

	Budget (Unaudited)	2023	2022
Transfers for operating:			
Provincial government	\$ 127,475	\$ 347,840	\$ 339,421
Other local government transfers	160,625	178,810	160,588
	<u>288,100</u>	<u>526,650</u>	<u>500,009</u>
Transfers for capital:			
Provincial government	170,000	335,241	1,063,084
Federal government	90,000	185,739	-
	<u>260,000</u>	<u>520,980</u>	<u>1,063,084</u>
	<u>\$ 548,100</u>	<u>\$ 1,047,630</u>	<u>\$ 1,563,093</u>

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

15. Expenses by object

	Budget (Unaudited)	2023	2022 (restated)
Salaries, wages and benefits	\$ 3,060,425	\$ 3,070,219	\$ 2,753,203
Contracted and general services	2,770,690	2,756,397	2,647,752
Materials, goods and utilities	1,555,210	1,578,354	1,443,012
Bank charges and short term interest	17,500	16,897	17,687
Interest on long term debt	150,450	210,905	178,787
Other expenditures	60,000	113,221	63,723
Transfers to local boards and agencies	314,365	315,564	333,267
Amortization of tangible capital assets	1,752,000	2,033,505	1,927,186
Accretion of asset retirement obligation	-	219,824	213,836
Loss on disposal of tangible capital assets	-	753	392,449
	\$ 9,680,640	\$ 10,315,639	\$ 9,970,902

16. Contaminated sites liability

The Town adopted PS3260 Liability for Contaminated Sites. The Town did not identify any financial liabilities in 2023 (2022 - nil) as a result of this standard.

17. Related party transactions

During the year the Town contributed \$125,000 towards offsite improvement costs to Feyter Construction of which the Mayor is a shareholder. Feyter Construction incurred \$357,000 in offsite infrastructure development costs. These offsite improvements will not only service the 44 acres of current development but provide services to future Town developments.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

18. 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	2023	2022
Council				
Mayor Brent Feyter	\$ 16,654	\$ 6,570	\$ 23,224	\$ 22,941
Councillor Jim Monteith	14,339	5,750	20,089	18,343
Councillor Marco Van Huigenbos	10,127	6,180	16,307	15,578
Councillor Gord Wolstenholme	14,239	6,392	20,631	20,062
Councillor Mackenzie Hengerer	10,689	6,213	16,902	16,978
Councillor Christina Fox	12,152	6,300	18,452	3,019
Councillor Aaron Poytress	11,864	6,283	18,147	2,662
Councillor Kristi Edwards	-	-	-	9,678
Councillor Werner Dressler	-	-	-	9,387
Chief Administrative Officer - Burdett	136,050	26,390	162,440	138,561
Interim Chief Administrative Officer - Gillingham	-	-	-	22,653
Designated Officers (6)	\$ 442,387	\$ 90,698	\$ 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, 2023

19. 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:

	2023	2022
Total debt limit	\$ 14,678,850	\$ 13,580,768
Total debt	8,820,199	6,232,791
	\$ 5,858,651	\$ 7,347,977
Debt servicing limit	\$ 2,446,475	\$ 2,263,461
Debt servicing	988,769	688,116
	\$ 1,457,706	\$ 1,575,345

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.

20. 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 12.23% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2023 were \$154,931 (2022 - \$138,753). Total current service contributions by the employees of the Town to the LAPP in 2023 were \$137,873 (2022 - \$123,720).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.67 billion.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

21. 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).

22. 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.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

23. 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, 2023 the amount of accumulated sick leave was \$393,327. 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, 2023 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 \$300,000 which has been included in construction in progress and land costs.

24. Budget amounts

The 2023 budget for the Town was approved by Council on April 24, 2023 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 deficit per financial statements	\$	(596,115)
Less:	Capital expenditures		(7,778,000)
	Long-term debt repayments		(523,100)
	Transfers to reserves		(729,485)
Add:	Amortization of tangible capital assets		1,752,000
	Transfers from reserves		4,764,200
	Long-term debt proceeds		3,110,500
<hr/>			
Equals:	Balanced budget	\$	-
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TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

25. Comparative figures

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

26. Approval of financial statements

These financial statements were approved by Council and Management.

TOWN OF FORT MACLEOD
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

Schedule of changes in accumulated operating surplus
Schedule 1

	Unrestricted	Restricted reserves	Equity in tangible capital assets	2023	2022 (restated)
Balance, beginning of year	\$ 2,566,902	\$ 8,259,904	\$ 41,546,785	\$ 52,373,591	\$ 52,096,578
(Deficiency) excess of revenue over expenses	(3,398)	-	-	(3,398)	277,013
Unrestricted funds designated for future use	(1,398,677)	1,398,677	-	-	-
Restricted funds used for tangible capital assets	-	(1,320,963)	1,320,963	-	-
Current year funds used for tangible capital assets	(381,348)	-	381,348	-	-
Disposal of tangible capital assets	6,370	-	(6,370)	-	-
Amortization of tangible capital assets	2,033,505	-	(2,033,505)	-	-
Asset retirement obligation accretion expense	219,824	-	(219,824)	-	-
Long-term debt related to tangible capital assets repaid	(404,460)	-	404,460	-	-
Change in accumulated surplus	71,816	77,714	(152,928)	(3,398)	277,013
Balance, end of year	\$ 2,638,718	\$ 8,337,618	\$ 41,393,857	\$ 52,370,193	\$ 52,373,591

TOWN OF FORT MACLEOD
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

	Schedule 2						2022 (restated)
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	
Cost:							
Balance, beginning of year	\$ 263,310	\$ 2,115,885	\$ 31,110,970	\$ 45,281,921	\$ 5,486,155	\$ 1,177,666	\$ 1,242,150
Acquisitions	-	121,977	92,679	377,300	197,202	702,110	211,043
Transfers	-	-	1,204,532	-	-	-	(1,204,532)
Disposals	-	-	-	(43,224)	(41,391)	(10,000)	-
Balance, end of year	263,310	2,237,862	32,408,181	45,615,997	5,641,966	1,869,776	248,661
Accumulated amortization:							
Balance, beginning of year	-	1,100,215	11,838,204	16,081,321	2,068,922	884,620	-
Annual amortization	-	95,212	665,906	912,701	292,991	66,694	-
Disposals	-	-	-	(43,223)	(35,021)	(10,000)	-
Balance, end of year	-	1,195,427	12,504,110	16,950,799	2,326,892	941,314	-
Net book value	\$ 263,310	\$ 1,042,435	\$ 19,904,071	\$ 28,665,198	\$ 3,315,074	\$ 928,462	\$ 248,661
2022 net book value	\$ 263,310	\$ 1,015,670	\$ 19,272,766	\$ 29,200,600	\$ 3,417,233	\$ 293,046	\$ 1,242,150
							\$ 54,367,212
							\$ 54,704,777

There were no assets acquired as contributed tangible capital assets in 2023 (2022 - nil).

TOWN OF FORT MACLEOD
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2023

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	\$ 3,542,848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,542,848
User fees and sales of goods	7,800	34,313	5,261	3,018,380	35,825	1,070,756	45,845	4,218,180
Government transfers for operating	64,534	9,000	105,110	10,000	261,006	-	77,000	526,650
Investment income	329,299	-	-	-	-	-	-	329,299
Penalties and costs of taxes	44,644	16,581	-	-	-	-	-	61,225
Licenses and permits	36,605	4,100	-	-	-	119,617	-	160,322
Franchise and concession contracts	582,243	-	-	-	-	-	-	582,243
Rental	42,967	-	12,692	-	-	-	218,573	274,232
Other	6,740	-	-	68,861	15,301	-	-	90,902
	4,657,680	63,994	123,063	3,097,241	312,132	1,190,373	341,418	9,785,901
Expenses								
Salaries, wages and benefits	737,278	202,779	489,921	502,191	270,851	99,029	768,170	3,070,219
Contracted and general services	461,183	248,463	295,300	858,739	59,925	467,011	365,776	2,756,397
Materials, goods and utilities	118,840	46,613	457,840	449,155	70,935	36,970	398,001	1,578,354
Bank charges and short term interest	16,897	-	-	-	-	-	-	16,897
Interest on long term debt	22,690	-	35,558	41,939	-	108,061	2,657	210,905
Other expenditures	113,221	-	-	-	-	-	-	113,221
Transfers to local boards and agencies	276,000	-	-	39,564	-	-	-	315,564
Amortization of tangible capital assets	54,856	50,334	757,010	771,721	14,913	-	384,671	2,033,505
Loss on disposal of tangible capital assets	753	-	-	-	-	-	-	753
Accretion of asset retirement obligation	-	15,265	7,673	74,944	-	-	121,942	219,824
	1,801,718	563,454	2,043,302	2,738,253	416,624	711,071	2,041,217	10,315,639
Excess (deficiency) of revenue over expenses before capital revenue	2,855,962	(499,460)	(1,920,239)	358,988	(104,492)	479,302	(1,699,799)	(529,738)
Other								
Government transfers for capital	-	-	271,103	193,370	-	-	56,507	520,980
Capital donations	-	-	-	-	-	-	5,360	5,360
	-	-	271,103	193,370	-	-	61,867	526,340
Excess (deficiency) of revenue over expenses	\$ 2,855,962	\$ (499,460)	\$ (1,649,136)	\$ 552,358	\$ (104,492)	\$ 479,302	\$ (1,637,932)	\$ (3,398)