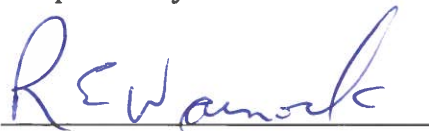


TOWN OF SUNDRE

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
THEREON
FOR THE YEAR ENDED DECEMBER 31, 2022**

Prepared by Administration and approved by Council:

A handwritten signature in blue ink that reads "Richard Warnock". The signature is written in a cursive style and is positioned above a horizontal line.

Richard Warnock, Mayor

A handwritten signature in blue ink that reads "Chris Albert". The signature is written in a cursive style and is positioned above a horizontal line.

Chris Albert, CPA, CGA
Director of Corporate Services

Town of Sundre

Statement of Management Responsibility

The Town of Sundre 2022 financial statements (hereafter referred to as the "financial statements") are the responsibility of management. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise as they include amounts that are based on the best estimates and judgments of management. Management has determined such amounts on a reasonable basis to ensure that the financial statements are presented fairly, in all material respects.

Management maintains systems of accounting and administrative controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded and that the financial statements realistically report the Town's operating and financial results.

Town Council has approved the information contained in the financial statements.

KPMG LLP have been appointed by Town Council to audit the financial statements and have provided the accompanying Independent Auditor's Report outlining their professional opinion on the statements.



Chris Albert, CPA, CGA

Director of Corporate Services



KPMG LLP
205 5th Avenue SW
Suite 3100
Calgary AB
T2P 4B9
Telephone (403) 691-8000
Fax (403) 691-8008
www.kpmg.ca

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Council of the Town of Sundre

Opinion

We have audited the financial statements of the Town of Sundre (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2022;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of change in net financial assets for the year then ended;
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its results of operations, its remeasurement gains and losses, its cash flows, and its changes in net financial assets 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 auditor's report.



We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter – Comparative Information

The financial statements for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 25, 2022.

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

Management is responsible for the preparation and fair presentation of these 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 financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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 the 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 Entity'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 Entity'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 Entity's 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

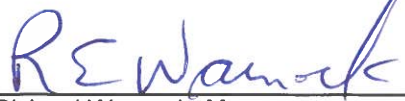
April 24, 2023

**Town of Sundre
Statement of Financial Position
As at December 31, 2022**

| | 2022 \$ | 2021 \$ |
|--|---------------|---------------|
| | | |
| FINANCIAL ASSETS | | |
| Cash and temporary investments (Note 3) | \$ 10,537,876 | \$ 9,501,738 |
| Receivables | | |
| Taxes and grants in place of taxes | 695,190 | 700,600 |
| Trade and other receivables | 899,899 | 1,108,343 |
| Investments (Note 4) | 27,754 | 27,754 |
| | \$ 12,160,719 | \$ 11,338,435 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 1,086,578 | \$ 960,884 |
| Deposit liabilities | 161,710 | 261,610 |
| Deferred revenue (Note 5) | 1,223,012 | 821,287 |
| Long-term debt (Note 6) | 5,042,168 | 5,371,629 |
| | \$ 7,513,468 | \$ 7,415,410 |
| NET FINANCIAL ASSETS | \$ 4,647,251 | \$ 3,923,025 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 9) | \$ 41,537,889 | \$ 42,830,159 |
| Inventory for consumption | 38,963 | 47,821 |
| Prepaid Expenses | 54,666 | 45,508 |
| | \$ 41,631,518 | \$ 42,923,488 |
| ACCUMULATED SURPLUS (Note 11) | \$ 46,278,769 | \$ 46,846,513 |

Commitments and contingencies (Note 14 and 15)

Approved on behalf of Council by:



 Richard Warnock, Mayor

Town of Sundre
Statement of Operations and Accumulated Surplus
As at December 31, 2022

| | Budget \$ (Note 19) | 2022 \$ | 2021 \$ |
|---|---------------------------|----------------------|----------------------|
| REVENUE | | | |
| Net municipal taxes (Schedule 3) | \$ 3,537,489 | \$ 3,435,942 | \$ 3,615,861 |
| User fees and sales of goods | 3,957,953 | 4,692,506 | 4,387,996 |
| Government transfers for operating (Schedule 4) | 787,000 | 1,100,490 | 1,226,218 |
| Investment Income | 11,000 | 230,639 | 53,581 |
| Fines, penalties and cost of taxes | 117,700 | 172,476 | 153,629 |
| Licenses and permits | 87,300 | 65,533 | 117,861 |
| Rentals | 110,924 | 111,295 | 81,714 |
| Other | 248,292 | 247,270 | 245,834 |
| Total Revenue | \$ 8,857,658 | \$ 10,056,151 | \$ 9,882,694 |
| EXPENSES | | | |
| Legislative | \$ 438,934 | \$ 420,496 | \$ 351,836 |
| Administration | 752,019 | 749,576 | 706,182 |
| Protective services | 893,920 | 885,460 | 858,957 |
| Roads, streets, walks, lighting | 1,444,877 | 1,475,230 | 1,459,501 |
| Water supply and distribution | 1,355,777 | 1,240,369 | 1,120,069 |
| Wastewater treatment and disposal | 900,062 | 938,097 | 883,754 |
| Waste management | 259,400 | 272,886 | 263,283 |
| Gas distribution | 1,331,526 | 1,930,679 | 1,564,885 |
| Family and community support | 35,520 | 166,118 | 166,017 |
| Land use planning, zoning and development | 639,659 | 581,731 | 641,660 |
| Parks and recreation | 1,902,337 | 1,805,615 | 1,685,038 |
| Culture | 133,625 | 337,289 | 329,952 |
| Total Expenses (Schedule 5) | \$ 10,087,656 | \$ 10,803,546 | \$ 10,031,134 |
| (DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES | | | |
| - BEFORE OTHER | \$ (1,229,998) | \$ (747,395) | \$ (148,440) |
| OTHER | | | |
| Contributed Assets | - | - | - |
| Government Transfers for capital (Schedule 4) | - | 179,651 | 482,433 |
| | \$ - | \$ 179,651 | \$ 482,433 |
| (DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES | \$ (1,229,998) | \$ (567,744) | \$ 333,993 |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | \$ 46,846,513 | \$ 46,846,513 | \$ 46,512,520 |
| ACCUMULATED SURPLUS, END OF YEAR (Note 11) | \$ 45,616,515 | \$ 46,278,769 | \$ 46,846,513 |

Town of Sundre
Statement of Change in Net Financial Assets
As at December 31, 2022

| | Budget \$ (Note 19) | 2022 \$ | 2021 \$ |
|---|---------------------------|---------------------|---------------------|
| EXCESS OF REVENUES OVER EXPENSES | \$ (1,229,998) | \$ (567,744) | \$ 333,993 |
| Change in tangible capital assets | | | |
| Acquisition of tangible capital assets | (1,645,500) | (727,393) | (877,176) |
| Contributed Tangible capital assets | - | - | - |
| Loss (Gain) on sale of tangible capital assets | - | 15,663 | 491 |
| Amortization of tangible capital assets | 2,350,000 | 1,987,740 | 1,979,103 |
| Trade-in value on disposal of tangible capital assets | - | 15,000 | - |
| Proceeds on disposal of tangible capital assets | - | 1,260 | 608 |
| | <u>\$ 704,500</u> | <u>\$ 1,292,270</u> | <u>\$ 1,103,026</u> |
| Change in non-financial assets | | | |
| Use (Acquisition) of inventories for consumption | - | 8,858 | 33,021 |
| (Acquisition) Use of prepaid expenses | - | (9,158) | (4,594) |
| | <u>-</u> | <u>(300)</u> | <u>28,427</u> |
| INCREASE (DECREASE) IN NET ASSETS | \$ (525,498) | \$ 724,226 | \$ 1,465,446 |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | <u>\$ 3,923,025</u> | <u>\$ 3,923,025</u> | <u>\$ 2,457,579</u> |
| NET FINANCIAL ASSETS, END OF YEAR | <u>\$ 3,397,527</u> | <u>\$ 4,647,251</u> | <u>\$ 3,923,025</u> |

**Town of Sundre
Statement of Cash Flows
As at December 31, 2022**

| | 2022 \$ | 2021 \$ |
|--|-----------------------------|----------------------------|
| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES: | | |
| OPERATING | | |
| (Deficiency) excess of revenues over expenses | \$ (567,744) | \$ 333,993 |
| Non-cash items included in (deficiency) excess of revenue over expenses | | |
| Amortization of tangible capital assets | 1,987,740 | 1,979,103 |
| Tangible capital assets received as contributions | - | - |
| Loss / (Gain) on disposal of tangible capital assets | 15,663 | 491 |
| Trade-in value on disposal of tangible capital assets | 15,000 | - |
| Non-cash charges to operations (net change) | | |
| Decrease (Increase) in taxes and grants in place of taxes | 5,410 | (178,505) |
| Decrease (Increase) in trade and other receivables | 208,444 | (74,445) |
| Decrease (Increase) in inventory for consumption | 8,858 | 33,021 |
| (Increase) Decrease in prepaid expenses | (9,158) | (4,594) |
| Increase (Decrease) in accounts payable and accrued liabilities | 125,694 | 297,990 |
| (Decrease) Increase in deposit liabilities | (99,900) | 147,628 |
| Increase (Decrease) in deferred revenue | 401,725 | (587,391) |
| Total cash provided by operating activities | <u>\$ 2,091,732</u> | <u>\$ 1,947,291</u> |
| CAPITAL | | |
| Acquisition of tangible capital assets | (727,393) | (877,176) |
| Proceeds on disposal of tangible capital assets | 1,260 | 608 |
| Cash applied to capital transactions | <u>\$ (726,133)</u> | <u>\$ (876,568)</u> |
| INVESTING | | |
| (Increase) Decrease in investments | - | - |
| Cash provided by investing transactions | <u>\$ -</u> | <u>\$ -</u> |
| FINANCING | | |
| Long-term debt repaid | (329,461) | (464,991) |
| Long-term debt acquired | - | - |
| Cash provided by financing transactions | <u>\$ (329,461)</u> | <u>\$ (464,991)</u> |
| CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR | \$ 1,036,138 | \$ 605,732 |
| CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR | \$ 9,501,738 | \$ 8,896,006 |
| CASH AND TEMPORARY INVESTMENTS, END OF YEAR | <u>\$ 10,537,876</u> | <u>\$ 9,501,738</u> |
| Cash and temporary investments is made up of: | | |
| Cash and temporary investments (Note 3) | \$ 9,418,787 | \$ 8,716,289 |
| Designated portion of cash (Note 3) | 1,119,089 | 785,449 |
| | <u>\$ 10,537,876</u> | <u>\$ 9,501,738</u> |

Town of Sundre
Schedule of Changes in Accumulated Surplus
As at December 31, 2022
Schedule 1

| | Unrestricted Surplus | Restricted Surplus | Equity in Tangible Capital Assets | 2022 | 2021 |
|---|-------------------------|-----------------------|--------------------------------------|---------------|---------------|
| BALANCE, BEGINNING OF YEAR | \$ 4,210,531 | \$ 5,177,452 | \$ 37,458,530 | \$ 46,846,513 | \$ 46,512,520 |
| (Deficiency) excess of revenues over expenses | (567,744) | - | - | (567,744) | 333,993 |
| Unrestricted funds designated for future use | (1,395,750) | 1,395,750 | - | - | - |
| Restricted funds used for operations | - | - | - | - | - |
| Restricted funds re-designated as Unrestricted | 223,461 | (223,461) | - | - | - |
| Restricted funds used for tangible capital assets | - | (727,393) | 727,393 | - | - |
| Current year funds used for tangible capital assets | - | - | - | - | - |
| Contributed tangible capital assets | - | - | - | - | - |
| Disposal of tangible capital assets | 31,923 | - | (31,923) | - | - |
| Annual amortization expense | 1,987,740 | - | (1,987,740) | - | - |
| Long term debt acquired | - | - | - | - | - |
| Long term debt repaid | (329,461) | - | 329,461 | - | - |
| Change in accumulated surplus | \$ (49,831) | \$ 444,896 | \$ (962,809) | \$ (567,744) | \$ 333,993 |
| BALANCE, END OF YEAR | \$ 4,160,700 | \$ 5,622,348 | \$ 36,495,721 | \$ 46,278,769 | \$ 46,846,513 |

TOWN OF SUNDRE
SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2022
Schedule 2

| | Buildings | Engineered Structures | Land | Land Improvements | Machinery & Equipment | Vehicles | 2022 | 2021 |
|---|----------------------|-----------------------|---------------------|---------------------|-----------------------|---------------------|----------------------|----------------------|
| COSTS: | | | | | | | | |
| Balance, beginning of year | \$ 15,514,745 | \$ 35,144,392 | \$ 9,770,110 | \$ 2,373,671 | \$ 3,874,453 | \$ 1,757,366 | \$ 68,434,737 | \$ 67,568,556 |
| Acquisition of tangible capital assets | 41,204 | 32,432 | - | - | 453,467 | 15,687 | 542,790 | 856,776 |
| Work-in-progress | - | 30,531 | - | 63,812 | - | 90,260 | 184,603 | 20,400 |
| Disposal of tangible capital assets | - | - | - | - | (147,131) | (28,036) | (175,167) | (10,995) |
| Balance, end of year | \$ 15,555,949 | \$ 35,207,355 | \$ 9,770,110 | \$ 2,437,483 | \$ 4,180,789 | \$ 1,835,277 | \$ 68,986,963 | \$ 68,434,737 |
| ACCUMULATED AMORTIZATION: | | | | | | | | |
| Balance, beginning of year | \$ 6,940,869 | \$ 14,430,664 | - | \$ 1,071,626 | \$ 2,156,619 | \$ 1,004,800 | \$ 25,604,578 | \$ 23,635,371 |
| Annual Amortization | 458,502 | 1,088,986 | - | 134,382 | 229,319 | 76,581 | 1,987,740 | 1,979,103 |
| Accumulated amortization on disposals | - | - | - | - | (117,931) | (25,313) | (143,244) | (9,896) |
| Balance, end of year | \$ 7,399,371 | \$ 15,519,620 | \$ - | \$ 1,206,008 | \$ 2,268,007 | \$ 1,056,068 | \$ 27,449,074 | \$ 25,604,578 |
| 2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | \$ 8,156,578 | \$ 19,687,735 | \$ 9,770,110 | \$ 1,231,475 | \$ 1,912,782 | \$ 779,209 | \$ 41,537,889 | \$ 42,830,159 |
| 2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | \$ 8,573,876 | \$ 20,713,728 | \$ 9,770,110 | \$ 1,302,045 | \$ 1,717,834 | \$ 752,566 | \$ 42,830,159 | |

Town of Sundre
Schedule of Property and Other Taxes
For the Year Ended December 31, 2022
Schedule 3

| | Budget \$ (Note 19) | 2022 \$ | 2021 \$ |
|---|----------------------------|----------------------------|----------------------------|
| TAXATION | | | |
| Real property taxes | \$ 3,301,902 | \$ 4,495,315 | \$ 4,544,642 |
| Linear property taxes | 121,012 | 205,112 | 212,907 |
| Grants in Lieu of Taxes | 34,575 | - | - |
| Special assessments and local improvement taxes | 80,000 | - | 102,035 |
| | <u>\$ 3,537,489</u> | <u>\$ 4,700,427</u> | <u>\$ 4,859,584</u> |
| REQUISTIONS | | | |
| Alberta School Foundation Fund | - | 1,123,854 | 1,098,362 |
| Mountain View Senior's Housing | - | 140,631 | 145,361 |
| Designated Industrial Properties | - | - | - |
| | <u>\$ -</u> | <u>\$ 1,264,485</u> | <u>\$ 1,243,723</u> |
| NET MUNICIPAL TAXES | <u><u>\$ 3,537,489</u></u> | <u><u>\$ 3,435,942</u></u> | <u><u>\$ 3,615,861</u></u> |

Town of Sundre
Schedule of Government Transfers
For the Year Ended December 31, 2022
Schedule 4

| | Budget \$ (Note 19) | 2022 \$ | 2021 \$ |
|---|---------------------------|---------------------|---------------------|
| TRANSFERS FOR OPERATING | | | |
| FEDERAL TRANSFERS | | | |
| Canada Summer Jobs | \$ - | \$ - | \$ 5,885 |
| PROVINCIAL TRANSFERS | | | |
| Family & Community Services | - | 71,478 | 71,478 |
| Municipal Sustainability Initiative - Operating | 30,000 | 53,000 | 42,000 |
| Municipal Operating Support Transfer | - | - | 87,619 |
| Municipal Stimulus Program | - | - | 34,455 |
| Other | - | 82,497 | 94,711 |
| | <u>\$ 30,000</u> | <u>\$ 206,975</u> | <u>\$ 330,263</u> |
| LOCAL GOVERNMENT TRANSFERS | | | |
| Shared-cost agreements and grants | 757,000 | 893,515 | 890,070 |
| Total Operating | <u>\$ 787,000</u> | <u>\$ 1,100,490</u> | <u>\$ 1,226,218</u> |
| TRANSFERS FOR CAPITAL | | | |
| FEDERAL TRANSFERS | | | |
| Canada Community Building Fund | - | 76,364 | 36,818 |
| Canada Community Revitalization Fund | - | 45,278 | - |
| PROVINCIAL TRANSFERS | | | |
| Municipal Sustainability Initiative - Capital | - | 47,010 | 69,999 |
| Municipal Operating Support Transfer | - | - | 98,477 |
| Municipal Stimulus Program | - | 10,999 | 277,139 |
| LOCAL GOVERNMENT TRANSFERS | | | |
| Shared-cost agreements | - | - | - |
| Total Capital | <u>\$ -</u> | <u>\$ 179,651</u> | <u>\$ 482,433</u> |
| TOTAL GOVERNMENT TRANSFERS | <u>\$ 787,000</u> | <u>\$ 1,280,141</u> | <u>\$ 1,708,651</u> |

**Town of Sundre
Schedule of Expenses by Object
For the Year Ended December 31, 2022
Schedule 5**

| | Budget \$ (Note 19) | 2022 \$ | 2021 \$ |
|---|---------------------------|----------------------|----------------------|
| EXPENSES BY OBJECT | | | |
| Salaries, wages and benefits | \$ 3,478,812 | \$ 3,406,058 | \$ 3,226,606 |
| Contracted and general services | 819,726 | 826,642 | 744,537 |
| Materials, goods, utilities and other | 2,679,798 | 3,579,543 | 3,077,111 |
| Transfers to local organizations | 569,320 | 819,900 | 803,333 |
| Interest on long-term debt | 190,000 | 183,663 | 200,444 |
| Amortization of tangible capital assets | 2,350,000 | 1,987,740 | 1,979,103 |
| | <u>\$ 10,087,656</u> | <u>\$ 10,803,546</u> | <u>\$ 10,031,134</u> |

Town of Sundre
Schedule of Segmented Disclosure
For the Year Ended December 31, 2022
Schedule 6

| | General Government | Protective Services | Transportation Services | Planning & Development | Recreation & Culture | Utility Services | Total \$ |
|--|--------------------|---------------------|-------------------------|------------------------|----------------------|------------------|---------------|
| REVENUE | | | | | | | |
| Net Municipal Taxes | \$ 3,435,942 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,435,942 |
| Government transfers | 52,999 | 168,914 | 20,000 | 82,497 | 908,720 | 47,010 | 1,280,140 |
| User fees and sales of goods | 157,719 | 182,761 | 86,082 | 73,591 | 399,590 | 4,142,067 | 5,041,810 |
| Investment income | 230,639 | - | - | - | - | - | 230,639 |
| Other revenues (losses) | 244,458 | 5,117 | (8,505) | 3,200 | 3,001 | - | 247,271 |
| | \$ 4,121,757 | \$ 356,792 | \$ 97,577 | \$ 159,288 | \$ 1,311,311 | \$ 4,189,077 | \$ 10,235,802 |
| EXPENSES | | | | | | | |
| Salaries, wages and benefits | \$ 487,241 | \$ 367,969 | \$ 444,088 | \$ 380,906 | \$ 844,740 | \$ 881,114 | \$ 3,406,058 |
| Contracted and general services | 254,243 | 142,778 | 38,949 | 23,923 | 59,648 | 307,101 | 826,642 |
| Materials, goods, utilities and other | 303,846 | 233,062 | 272,310 | 163,755 | 393,725 | 2,212,845 | 3,579,543 |
| Transfers to local organizations | 1 | 22,925 | - | 13,147 | 716,612 | 67,215 | 819,900 |
| Interest on long-term debt | 13,652 | - | 120,311 | - | - | 49,700 | 183,663 |
| | \$ 1,058,983 | \$ 766,734 | \$ 875,658 | \$ 581,731 | \$ 2,014,725 | \$ 3,517,975 | \$ 8,815,806 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION | \$ 3,062,774 | \$ (409,942) | \$ (778,081) | \$ (422,443) | \$ (703,414) | \$ 671,102 | \$ 1,419,996 |
| Amortization expense | (111,089) | (118,726) | (599,573) | - | (294,296) | (864,056) | (1,987,740) |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES | \$ 2,951,685 | \$ (528,668) | \$ (1,377,654) | \$ (422,443) | \$ (997,710) | \$ (192,954) | \$ (567,744) |

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2022**

NATURE OF BUSINESS

The Town of Sundre (“the Town”) was incorporated in 1956 and is legislated under the *Municipal Government Act, Revised Statutes of Alberta 2000, Chapter M-26* (“the MGA”). The Town’s principal activity is the provision of local government services to its citizens. These services include, but are not limited to, administrative, protective, environmental, transportation, planning and development, recreational and cultural.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Sundre (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 (PSAB) of the Chartered Professional Accountants of Canada, hereafter referred to as Canadian public sector accounting standards (“PSAS”). Significant aspects of the accounting policies adopted by the Town of Sundre are as follows:

a) **Reporting Entity**

The Town’s financial statements reflect the assets, liabilities, revenue and expenditures, changes in accumulated surplus and changes in financial position of the reporting entity that comprises all the organizations that are accountable for the administration of their financial affairs and resources to the Council and are controlled by the municipality. As at December 31, 2022, the Town does not control any other entities.

The schedule of taxes levied also includes requisitions for education and seniors’ lodges that are not part of the municipal reporting entity. 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 recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

The Town has not included a statement of remeasurement gains and losses under PSAS. This statement reports unrealized amounts reclassified to the statement of operations upon de-recognition of an investment. There were no amounts to report on the statement of re-measurement gains and losses, and as a result this statement has not been included.

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

Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal or contractual obligation to pay.

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Use of Estimates

The preparation of financial statements in conformity with PSAS 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 period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) Government Transfers

Government transfers are the transfers 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 revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be determined.

e) Deferred Revenue

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and is restricted and may only be used in the conduct of 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.

f) Taxes and Grants in place of Taxes Receivable

Taxes and grants in place of taxes receivable consist of current and non-current property tax levies, which remain outstanding at December 31.

g) Cash and Temporary Investments

Cash is comprised of cash, temporary investments and designated cash deposited with financial institutions. Temporary investments are defined as short-term deposits with original maturities of three months or less and that can be converted to cash as required. Designated cash relates to conditional grants received.

h) Investments

Investments are recorded at amortized cost. When there is a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2022**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

j) Non-Financial Assets

Non-Financial Assets are assets that are not available to discharge existing liabilities but held for use in Town operations. Such assets have useful lives extending beyond the current year and are not intended for sale in the normal course of Town operations. The change in non-financial assets during the year, together with the excess (deficiency) of revenues over expenses, provides the Change in Net Financial Assets for the year.

k) 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 in accordance with Council Policy B-019 – Tangible Capital Assets as follows:

| | YEARS |
|-----------------------------|--------------|
| Land Improvements | 15 - 25 |
| Buildings | 25 - 30 |
| Engineered Structures | |
| Water System | 30 - 40 |
| Waste Water System | 30 - 75 |
| Gas System | 30 - 50 |
| Other engineered structures | 5 - 40 |
| Machinery & Equipment | 3 - 40 |
| Vehicles | 10 - 25 |

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use. Government contributions for the acquisition of capital assets are recorded as capital revenue and do not reduce the related capital asset costs.

l) Contributions of Tangible Capital Assets

Contributed tangible capital assets are recorded at fair value at the date of receipt and are recorded as revenue at the date of receipt.

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2022**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

- m) **Inventories**
Inventories of materials and supplies are valued at the lower of cost or net realizable value with cost determined by the weighted average cost method.
- n) **Restricted Surpluses for Future Expenditures**
Restricted Surpluses are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and/or from restricted surplus accounts are reflected in accumulated surplus.
- o) **Leases**
Leases are classified as capital or operating leases. Leases that transfer substantially all of the benefit 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.
- p) **Contaminated Sites**
The Town of Sundre reviews all contaminated sites for possible liabilities associated with the remediation of such sites. Management has assessed such sites and has determined there is no liability regarding the remediation of these sites.
- q) **Related Party Transactions**
Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and when the transactions have, or could have, a material financial effect on the financial statements. Related parties and transactions are reviewed annually.
- r) **Employee Future Benefits**
The Town is a member of a defined contribution multi-employer pension plan covering substantially all of its employees. Pension contributions are accounted for using defined contribution accounting, wherein contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

2. FUTURE ACCOUNTING POLICIES

PSAB recently announced the following accounting pronouncements:

PSAB Section 3450, Financial Instruments

This accounting pronouncement establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative instruments. It is effective for fiscal years beginning on or after April 1, 2022, while early adoption is encouraged the Town will not be adopting early. In addition, the Town will be required to assess Section 3050, Loans receivable; Section 3390, Contractual obligations; Section 3230, Long-term debt; Section 2500, Consolidation; and Section 3070, Investments in government business enterprises.

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2022**

2. FUTURE ACCOUNTING POLICIES (continued)

PSAB Section 3041, Portfolio Investments

This section is effective for fiscal years beginning on or after April 1, 2022 and has removed the distinction between temporary and portfolio investments and was amended to conform to Financial Instruments, Section 3450. Once Section 3450 and Section 3041 are adopted, Temporary Investments Section 3030 will no longer apply.

PSAB Section 1201, Financial Statement Presentation

This section is effective for fiscal years beginning on or after April 1, 2022, when sections PS 2601 and PS 3450 are adopted and establishes new general reporting principles and standards for the disclosure of information in government financial statements.

PSAB Section 2601, Foreign Currency Translation

This section is effective for fiscal years beginning on or after April 1, 2022 and establishes standards on how to account for and report transactions that are denominated in foreign currency in government financial statements.

PSAB Section 3280, Asset Retirement Obligations

This section is effective for fiscal years beginning on or after April 1, 2022 and provides guidance on accounting for asset retirement obligations.

PSAB Section 3160, Public Private Partnerships

This section is effective for fiscal years beginning on or after April 1, 2023 and provides guidance on recognition and measurement of public private partnerships as infrastructure assets and liabilities.

PSAB Section 3400, Revenue

This section is effective for fiscal years beginning on or after April 1, 2023 and provides greater clarity on the difference between exchange and non-exchange transactions.

Management is assessing the impact of the adoption of these standards.

3. CASH AND TEMPORARY INVESTMENTS

| | 2022 | 2021 |
|-----------------------|------------|-----------|
| | \$ | \$ |
| Cash | 8,529,795 | 7,850,624 |
| Temporary Investments | 888,992 | 865,665 |
| Designated Cash | 1,119,089 | 785,449 |
| | 10,537,876 | 9,501,738 |

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2022

4. INVESTMENTS

| | 2022 | 2021 |
|--------------------------------|--------|--------|
| | \$ | \$ |
| Investment in Gas Alberta Inc. | | |
| Shares at cost | 254 | 254 |
| Debentures | 27,500 | 27,500 |
| | 27,754 | 27,754 |

The investment in Gas Alberta Inc. consists of shares of \$254 and debentures of \$27,500 that are non-interest bearing and are due when the Gas Alberta Inc. contract expires. Expiry requires five years notice prior to service termination. These shares are not publicly traded therefore fair market value is not readily available.

5. DEFERRED REVENUE

| | 2022 | | 2022 |
|---|-----------|-----------|--------------|
| | Beginning | Additions | Utilizations |
| | \$ | | End |
| | \$ | | \$ |
| 2022 Prepaid Property Taxes | - | 35,154 | - |
| Mountain View County pumper deposit | - | 45,129 | - |
| Mountain View Senior's Housing | 21,838 | - | - |
| | 21,838 | 80,283 | - |
| | | | |
| Grants | | | |
| FRIAA FireSmart Program | 37 | 1 | - |
| Travel Alberta | - | 82,497 | 82,497 |
| Fortis Community Naturalization | 1,200 | - | 1,200 |
| Canada Community Revitalization Fund | - | 45,278 | 45,278 |
| Municipal Sustainability Int. - Operating | 22,072 | 32,357 | 53,000 |
| Municipal Stimulus Program | 12,800 | - | 10,999 |
| Canada Community Building Fund (formerly Federal Gas Tax Fund) | 265,355 | 13,763 | 76,364 |
| Municipal Sustainability Int. - Capital | 497,985 | 463,894 | 47,010 |
| | 799,449 | 637,790 | 316,348 |
| | 821,287 | 718,073 | 316,348 |
| | | | 1,223,012 |

Deferred revenue represents amounts received or receivable which will be recognized as revenue in the period in which they are earned and corresponding expenditures are incurred.

The use of the Municipal Sustainability Initiative Grants and the Federal Gas Tax Grant is restricted to eligible capital projects as approved by the Province of Alberta, which are scheduled for completion in the future.

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2022

6. LONG-TERM DEBT

| | 2022 \$ | 2021 \$ |
|-------------------------------------|------------|------------|
| Tax supported debentures | 3,941,264 | 4,148,599 |
| Special levies supported debentures | - | - |
| Utility supported debentures | 1,100,904 | 1,223,030 |
| | 5,042,168 | 5,371,629 |

Principal and interest repayments are as follows:

| | Principal \$ | Interest \$ | Total \$ |
|------------|-----------------|----------------|-------------|
| 2023 | 341,894 | 173,451 | 515,345 |
| 2024 | 354,819 | 160,527 | 515,346 |
| 2025 | 368,255 | 147,091 | 515,346 |
| 2026 | 382,224 | 133,122 | 515,346 |
| 2027 | 396,747 | 118,599 | 515,346 |
| Thereafter | 3,198,229 | 511,691 | 3,709,920 |
| | 5,042,168 | 1,244,481 | 6,286,649 |

Debenture debt is repayable to the Alberta Capital Finance Authority bearing interest rates ranging from 2.46% to 5.24% per annum and matures in periods 2023 to 2039. Debenture debt is issued on the credit and security of the Town of Sundre at large.

Interest on long-term debt amounted to \$183,663 (2021 - \$200,444).

The Town's total cash payments for interest in 2022 were \$185,884 (2021 - \$202,582).

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2022**

7. RESTRICTED SURPLUSES

Restricted Surpluses, included in accumulated surplus, for operating and capital activities are as follows:

| | Beginning of Year | End of Year |
|-----------------------------|----------------------|------------------|
| | \$ | \$ |
| Operating | | |
| General Corp. Stabilization | 1,400,316 | 1,440,068 |
| Corp. Serv. Stabilization | 53,216 | 54,513 |
| Prot. Serv. Stabilization | 13,041 | 13,359 |
| Mun. Op. Stabilization | 35,904 | 36,779 |
| Development Stabilization | 30,584 | 31,349 |
| Comm. Serv. Stabilization | 75,411 | 77,249 |
| Fire (Operating) | 119,318 | 122,706 |
| | <u>1,727,790</u> | <u>1,776,023</u> |
| Capital | | |
| Municipal New Projects | 53,780 | 116,181 |
| Municipal Life-cycling | 754,458 | 879,547 |
| Utility Life-cycling | 1,358,506 | 1,925,046 |
| Fire (Capital) | 846,808 | 478,682 |
| Off-Site Levy - Water | 315,812 | 323,431 |
| Municipal Reserve | 64,316 | 65,867 |
| Sundre Golf Society | 55,982 | 57,571 |
| | <u>3,449,662</u> | <u>3,846,325</u> |
| Total Restricted Surpluses | <u>5,177,452</u> | <u>5,622,348</u> |

Capital Restricted Surpluses are based on a 10-year capital replacement plan that is approved by Council on an annual basis.

8. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town of Sundre be disclosed as follows:

| | 2022 | 2021 |
|-----------------------------|-------------------|-------------------|
| | \$ | \$ |
| Total debt limit | <u>15,084,227</u> | <u>14,824,041</u> |
| Total debt | <u>5,042,168</u> | <u>5,371,629</u> |
| Amount of debt limit unused | <u>10,042,059</u> | <u>9,452,412</u> |

Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2022

8. DEBT LIMITS (continued)

| | 2022 | 2021 |
|---------------------------------------|------------------|------------------|
| | \$ | \$ |
| Debt servicing limit | <u>2,514,038</u> | <u>2,470,673</u> |
| Debt servicing | <u>515,345</u> | <u>667,572</u> |
| Amount of debt servicing limit unused | <u>1,998,693</u> | <u>1,803,101</u> |

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue.

Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

9. TANGIBLE CAPITAL ASSETS

| | Net Book Value | |
|--------------------------------------|-------------------|-------------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Land | <u>9,770,110</u> | <u>9,770,110</u> |
| Land Improvements | 1,231,475 | 1,302,045 |
| Buildings | 8,156,578 | 8,573,876 |
| Engineered Structures | 19,687,735 | 20,713,728 |
| Machinery, equipment and furnishings | 1,912,782 | 1,717,834 |
| Vehicles | <u>779,209</u> | <u>752,566</u> |
| | <u>41,537,889</u> | <u>42,830,159</u> |

There were contributed assets of nil in 2022 (2021 - nil); and the cumulative value of contributed tangible capital assets is \$1,348,257 (2021 - \$1,348,257).

10. EQUITY IN TANGIBLE CAPITAL ASSETS

| | 2022 | 2021 |
|---------------------------------------|---------------------|---------------------|
| | \$ | \$ |
| Tangible Capital Assets (Schedule 2) | <u>68,986,963</u> | <u>68,434,737</u> |
| Accumulated Amortization (Schedule 2) | <u>(27,449,074)</u> | <u>(25,604,578)</u> |
| Long-term debt (Note 6) | <u>(5,042,168)</u> | <u>(5,371,629)</u> |
| | <u>36,495,721</u> | <u>37,458,530</u> |

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2022**

11. ACCUMULATED SURPLUS

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

| | 2022 | 2021 |
|---|------------|------------|
| | \$ | \$ |
| Equity in tangible capital assets (Note 10) | 36,495,721 | 37,458,530 |
| Unrestricted surplus (Schedule 1) | 4,160,700 | 4,210,531 |
| Restricted surplus | | |
| Operating Restricted Surplus (Note 7) | 1,776,023 | 1,727,790 |
| Capital Restricted Surplus (Note 7) | 3,846,325 | 3,449,662 |
| | 46,278,769 | 46,846,513 |

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plan Act. The LAPP serves 281,764 people and 435 employers. It is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

The Town of Sundre is required to make current service contributions to the plan of 8.45% of the pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 12.80% for the excess. Employees of the Town are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.80% on pensionable salary above this amount.

Total current service contributions by the town to the LAPP in 2022 were \$220,418 (2021 - \$217,390). Total current service contributions by the employees of the town to the LAPP in 2022 were \$196,843 (2021 - \$196,363).

At December 31, 2021 LAPP disclosed an actuarial surplus of \$11.9 billion (2020 - \$4.9 billion).

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2022**

13. SALARY AND BENEFITS DISCLOSURE

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

| | | | 2022 | 2021 |
|---------------------------------|---------------------|------------------------------------|---------|---------|
| | | | \$ | \$ |
| | Salary ¹ | Benefits & Allowances ² | Total | Total |
| Mayor & Councillors: | | | | |
| Mayor, Warnock | 32,150 | - | 32,150 | 6,907 |
| Councillor, Dalke | 12,980 | 540 | 13,520 | 17,961 |
| Councillor, Isaac | 18,310 | 844 | 19,154 | 16,478 |
| Councillor, Anderson | 13,620 | - | 13,620 | 3,053 |
| Councillor, Marr | 14,320 | 617 | 14,937 | 3,736 |
| Councillor, Petersen | 16,270 | 728 | 16,998 | 4,016 |
| Councillor, Vardas | 17,430 | 794 | 18,224 | 4,480 |
| Mayor, Leslie | - | - | - | 20,652 |
| Councillor, Funke | - | - | - | 13,919 |
| Councillor, Preston | - | - | - | 10,079 |
| Councillor, Warnock | - | - | - | 12,751 |
| Councillor, Wolfe | - | - | - | 12,610 |
| | 125,080 | 3,523 | 128,603 | 126,642 |
| Chief Administrative Officer | 183,965 | 28,966 | 212,931 | 200,502 |

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, and per diem payments.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2022**

14. COMMITMENTS

The Town of Sundre has an agreement with Wild Rose Assessment Services Inc. to provide assessment services. Assessment services are required by the municipality in order to carry out the assessment of property within each municipality, primarily for taxation purposes. Under the terms of the agreements the Town of Sundre is committed to the following minimum payments until the end of March 31, 2025.

| | |
|-------------------------------------|----------|
| January 1, 2023 – December 31, 2023 | \$35,400 |
| January 1, 2024 – December 31, 2024 | \$35,400 |
| January 1, 2025 – March 31, 2025 | \$ 8,850 |

The Town of Sundre has an agreement with Jane Finney to provide animal control services. Under the terms of the agreements the Town of Sundre is committed to the following minimum payments until the end of December 31, 2024.

| | |
|-------------------------------------|----------|
| January 1, 2023 – December 31, 2023 | \$25,200 |
| January 1, 2024 – December 31, 2024 | \$25,200 |

The Town of Sundre has agreements with Environmental 360 Solutions Ltd to provide for the residential collection and processing of solid waste, recyclables and compost/organics services. Under the terms of the agreements the Town of Sundre is committed to the following monthly charges until May 31, 2023.

| | |
|-------------------------|---|
| Residential Solid Waste | January 1, 2023 – May 31, 2023 - \$1.43 per household |
| Compost/Organics | January 1, 2023 – May 31, 2023 - \$1.45 per household |
| Recyclables | January 1, 2023 – May 31, 2023 - \$1.68 per household |

The Town of Sundre has agreements with Angela's Janitorial Services to provide custodial services to the Town of Sundre firehall, town office and town shop facilities. Under the terms of the agreements the Town of Sundre is committed to the following charges until May 31, 2024.

| | | |
|-------------|-------------------------------------|----------|
| Firehall | January 1, 2023 – December 31, 2023 | \$14,500 |
| | January 1, 2024 – May 31, 2024 | \$5,750 |
| Town Office | January 1, 2023 – December 31, 2023 | \$26,300 |
| | January 1, 2024 – May 31, 2024 | \$11,175 |
| Town Shop | January 1, 2023 – December 31, 2023 | \$18,730 |
| | January 1, 2024 – May 31, 2024 | \$8,290 |

The Town of Sundre has eight agreements with ADT Canada Inc to provide security monitoring services to each of the Town owned facilities. Under the terms of the agreements, the Town of Sundre is committed to the following charges until March 31, 2023.

| | |
|----------------------------------|---------|
| January 1, 2023 – March 31, 2023 | \$1,295 |
|----------------------------------|---------|

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2022**

14. COMMITMENTS (continued)

The Town of Sundre has an agreement with Quadiant Leasing Canada Ltd to lease postage and mailing equipment. Under the terms of the agreement the Town of Sundre is committed to the following minimum payments until the end of December 31, 2026.

| | |
|-------------------------------------|---------|
| January 1, 2023 – December 31, 2023 | \$7,336 |
| January 1, 2024 – December 31, 2024 | \$7,336 |
| January 1, 2025 – December 31, 2025 | \$7,336 |
| January 1, 2026 – December 31, 2026 | \$7,336 |

The Town of Sundre has an agreement with Vincovi Technology Solutions to provide information technology services. Under the terms of the agreements the Town of Sundre is committed to the following minimum payments until April 30, 2025.

| | |
|-------------------------------------|----------|
| January 1, 2023 – December 31, 2023 | \$52,404 |
| January 1, 2024 – December 31, 2024 | \$52,404 |
| January 1, 2025 – April 30, 2025 | \$17,468 |

The Town of Sundre has an equipment lease agreement with Xerox Financial Services Canada Ltd in regards to a multifunction printer/copier. Under the terms of the agreement, the Town of Sundre is committed to the following charges until August 24, 2026.

| | |
|-------------------------------------|---------|
| January 1, 2023 – December 31, 2023 | \$5,280 |
| January 1, 2024 – December 31, 2024 | \$5,280 |
| January 1, 2025 – December 31, 2025 | \$5,280 |
| January 1, 2026 – August 24, 2026 | \$3,520 |

15. CONTINGENCIES

The Town of Sundre, in the conduct of its normal activities can be named as a defendant in legal proceedings. The ultimate outcome of these proceedings can often not be determined until the proceedings are completed. Should any loss result from the resolution of these proceedings or if the amount of the loss can be determined, such amount would be expensed as they become known to the Town.

The Town of Sundre is a member of the Alberta Local Authorities Reciprocal Insurance Exchange (ALARIE). 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 the losses are determined.

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2022**

16. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, receivables, investments, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risk arising from these financial instruments.

The town is subject to credit risk with respect to taxes, utilities and other accounts receivables. Credit risk arises from the possibility that some taxpayers and other customers may experience financial difficulty and be unable to fulfill their obligations. The Town's customers and taxpayers are diverse which minimizes this risk. Under the MGA, the Town has the authority to offer a property for sale at a public auction to recover uncollected taxes. If the property is not sold at the public auction, the Town may become the owner. Therefore, the Town assesses there is very little risk relating to taxes receivable.

Other than long-term debt or otherwise noted, the carrying value of the financial instrument approximates fair value.

17. SEGMENTED DISCLOSURE

The Town is a diversified municipal government that provides a wide range of services to its citizens, including bylaw, fire, water, wastewater and gas management.

For management reporting purposes, the Town's operations and activities are organized and reported by functions and services provided. Certain functions that have been disclosed in the segmented information, along with services provided are as follows:

a) General Government

This category encompasses General revenue which includes taxes, government transfers, investment income, and franchise fees as well as Legislative Services which pertains to Town Council, Chief Administrative Officer and Legislative Services and also includes Corporate Services which oversees Financial Services, Taxation Administration, Utilities Administration, Accounts Payable, Accounts Receivable, Payroll, Insurance and Risk Management, Human Resources, and Information Technology.

b) Protective Services

Protective services includes Bylaw Enforcement, Animal Control, Disaster Services and Fire Services.

c) Transportation Services

This category includes Roads, sidewalk maintenance, street lighting, fleet management and Shop.

d) Planning and development

This category includes municipal planning, development and economic development.

e) Utility Services

This category includes water supply and distribution, water treatment, wastewater treatment and disposal, waste and recycling and the purchase and distribution of gas services for the Town.

**Town of Sundre
Notes to Financial Statements
For the Year Ended December 31, 2022**

17. SEGMENTED DISCLOSURE (continued)

f) Recreation and Culture

Parks and recreation includes the Sundre Community Centre, Arena, Greenwood Campground, Baseball, Parks, Recreation & Culture grants, Community Services, Trails, Outdoor Rinks, Recreation Fields, funds provided to the Sundre Municipal Library, and funds provided to Greenwood Neighbourhood place to provide Family and Community Support Services (FCSS).

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segments and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in these segments are consistent with those followed in the preparation of financial statements as disclosed in Note 1. For additional information see the Schedule of Segmented Disclosure (Schedule 6).

18. BUDGET AMOUNTS

The 2022 Budget of the Town of Sundre was approved by Council on December 6, 2021.

19. APPROVAL OF FINANCIAL STATEMENTS

The Council and Management have approved these financial statements.