

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:

Richard Warnock, Mayor

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

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.

Chartered Professional Accountants

Calgary, Canada
April 24, 2023

DRAFT

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

	2022 \$	2021 \$
	<hr/>	<hr/>
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
	<hr/> \$ 12,160,719 <hr/>	<hr/> \$ 11,338,435 <hr/>
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
	<hr/> \$ 7,513,468 <hr/>	<hr/> \$ 7,415,410 <hr/>
NET FINANCIAL ASSETS	<hr/> \$ 4,647,251 <hr/>	<hr/> \$ 3,923,025 <hr/>
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
	<hr/> \$ 41,631,518 <hr/>	<hr/> \$ 42,923,488 <hr/>
ACCUMULATED SURPLUS (Note 11)	<hr/> \$ 46,278,769 <hr/>	<hr/> \$ 46,846,513 <hr/>

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><u>\$ 3,397,527</u></u>	<u><u>\$ 4,647,251</u></u>	<u><u>\$ 3,923,025</u></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	<u>\$ 9,501,738</u>	<u>\$ 8,896,006</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>\$ 10,537,876</u></u>	<u><u>\$ 9,501,738</u></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><u>\$ 10,537,876</u></u>	<u><u>\$ 9,501,738</u></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	<u>\$ 4,160,700</u>	<u>\$ 5,622,348</u>	<u>\$ 36,495,721</u>	<u>\$ 46,278,769</u>	<u>\$ 46,846,513</u>

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	1,088,956	-	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>
REQUISITIONS			
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>\$ 3,537,489</u>	<u>\$ 3,435,942</u>	<u>\$ 3,615,861</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
	<u>\$ 4,121,757</u>	<u>\$ 356,792</u>	<u>\$ 97,577</u>	<u>\$ 159,288</u>	<u>\$ 1,311,311</u>	<u>\$ 4,189,077</u>	<u>\$ 10,235,802</u>
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
	<u>\$ 1,058,983</u>	<u>\$ 766,734</u>	<u>\$ 875,658</u>	<u>\$ 581,731</u>	<u>\$ 2,014,725</u>	<u>\$ 3,517,975</u>	<u>\$ 8,815,806</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES, BEFORE AMORTIZATION	<u>\$ 3,062,774</u>	<u>\$ (409,942)</u>	<u>\$ (778,081)</u>	<u>\$ (422,443)</u>	<u>\$ (703,414)</u>	<u>\$ 671,102</u>	<u>\$ 1,419,996</u>
Amortization expense	(111,089)	(118,726)	(599,573)	-	(294,296)	(864,056)	(1,987,740)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u><u>\$ 2,951,685</u></u>	<u><u>\$ (528,668)</u></u>	<u><u>\$ (1,377,654)</u></u>	<u><u>\$ (422,443)</u></u>	<u><u>\$ (997,710)</u></u>	<u><u>\$ (192,954)</u></u>	<u><u>\$ (567,744)</u></u>

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 remeasurement 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	Additions	Utilizations	2022
	Beginning			End
	\$			\$
2022 Prepaid Property Taxes	-	35,154	-	35,154
Mountain View County pumper deposit	-	45,129	-	45,129
Mountain View Senior's Housing	21,838	-	-	21,838
	21,838	80,283	-	102,121
 Grants				
FRIAA FireSmart Program	37	1	-	38
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	1,429
Municipal Stimulus Program	12,800	-	10,999	1,801
Canada Community Building Fund (formerly Federal Gas Tax Fund)	265,355	13,763	76,364	202,754
Municipal Sustainability Int. - Capital	497,985	463,894	47,010	914,869
	799,449	637,790	316,348	1,120,891
	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
	1,727,790	1,776,023
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
	3,449,662	3,846,325
Total Restricted Surpluses	5,177,452	5,622,348

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	15,084,227	14,824,041
Total debt	5,042,168	5,371,629
Amount of debt limit unused	10,042,059	9,452,412

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 7)	<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 11)	36,495,721	37,458,530
Unrestricted surplus (Schedule 1)	4,160,700	4,210,531
Restricted surplus		
Operating Restricted Surplus (Note 8)	1,776,023	1,727,790
Capital Restricted Surplus (Note 8)	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 & Councilors:				
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
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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.