

# **Municipality of Crowsnest Pass**

**CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

# MUNICIPALITY OF CROWSNEST PASS

## CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

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### *Management's Responsibility for Reporting*

Municipality of Crowsnest Pass' management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying consolidated financial statements and the notes thereto. Management believes that the consolidated financial statements present fairly the Municipality's financial position as at December 31, 2023 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The Municipal Council is responsible for overseeing management in the performance of its reporting responsibilities, and for approving the financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Municipality's external auditors.

The consolidated financial statements have been audited by the independent firm of BDO Canada LLP, Chartered Professional Accountants. Their report to the Members of Council of Municipality of Crowsnest Pass, stating the scope of their examination and opinion on the consolidated financial statements follow.

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Patrick Thomas, P.Eng., CLGM  
Chief Administrative Officer  
April 23, 2024



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## Independent Auditor's Report

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To the Mayor and Members of Council of the Municipality of Crowsnest Pass

### Opinion

We have audited the consolidated financial statements of the Municipality of Crowsnest Pass and its controlled entities (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2023, and the consolidated results of its operations, change in its consolidated net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality 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.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 Municipality'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 Municipality'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 consolidated 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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

*BDO Canada LP*

Chartered Professional Accountants,

Lethbridge, Alberta

April 23, 2024





# MUNICIPALITY OF CROWSNEST PASS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

	2023	2022 (restated)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (note 2)	\$ 13,076,378	\$ 17,576,557
Taxes and grants in lieu receivables (note 3)	619,615	686,358
Trade and other receivables (note 3)	895,868	2,237,830
Investments (note 4)	5,579,460	5,535,110
	<u>20,171,321</u>	<u>26,035,855</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	2,053,541	6,326,617
Asset retirement obligation (note 17)	444,426	423,264
Employee benefit obligations (note 5)	364,488	435,484
Deferred revenue (note 6)	2,929,654	5,886,960
Deposits	102,500	
Long-term debt (note 7)	9,381,822	9,931,756
	<u>15,276,431</u>	<u>23,004,081</u>
<b>NET FINANCIAL ASSETS</b>	<u>4,894,890</u>	<u>3,031,774</u>
<b>NON - FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 2)	115,777,517	115,411,712
Inventory for consumption	475,522	428,299
Prepaid expenses	283,842	68,419
	<u>116,536,881</u>	<u>115,908,430</u>
<b>ACCUMULATED SURPLUS</b> (schedule 1, note 10)	<u>\$ 121,431,771</u>	<u>\$ 118,940,204</u>

Contingencies and commitments - See notes 15 and 16

APPROVED BY:

The accompanying notes and supporting schedules are an integral part of these consolidated financial statements.

# MUNICIPALITY OF CROWNEST PASS

## CONSOLIDATED STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2023

	Budget (note 13)	2023	2022 (restated)
<b>REVENUE</b>			
Net municipal taxes (schedule 3)	\$ 9,837,747	\$ 10,467,088	\$ 9,974,415
Government transfers (schedule 4)	423,804	860,910	825,846
User fees and sales of goods	5,385,142	5,337,495	5,175,459
Investment income	170,000	898,995	502,626
Penalties and cost of taxes	140,000	153,833	178,320
Licenses and permits	155,600	380,979	301,698
Franchise and concession contracts	1,370,000	1,297,530	1,350,420
Rental	357,300	385,274	288,739
Other	42,600	296,619	89,018
Gain on disposal of tangible capital assets	-	8,183	371,265
<b>Total Revenue</b>	<b>17,882,193</b>	<b>20,086,906</b>	<b>19,057,806</b>
<b>EXPENSES</b>			
Legislative	284,521	285,537	313,793
Administration	3,074,951	3,031,448	2,643,550
Protection services	1,615,996	1,947,847	1,541,055
Roads, streets, walks and lighting	3,794,332	5,720,726	5,732,773
Water supply, distribution and wastewater	2,454,274	4,233,056	4,118,795
Waste management	695,000	735,624	674,784
Family and community support services	305,725	349,330	305,371
Cemeteries and crematoriums	67,723	42,290	23,819
Planning and development	667,294	983,020	888,263
Parks and recreation	3,014,699	3,776,995	3,503,425
Culture - libraries and museums	630,430	558,864	526,617
Loss on disposal of tangible capital assets	-	397	
<b>Total Expenses</b>	<b>16,604,945</b>	<b>21,665,134</b>	<b>20,272,245</b>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER</b>	<b>1,277,248</b>	<b>(1,578,228)</b>	<b>(1,214,439)</b>
<b>OTHER</b>			
Government transfers for capital (schedule 4)	1,540,000	4,069,795	7,925,980
<b>ANNUAL SURPLUS</b>	<b>2,817,248</b>	<b>2,491,567</b>	<b>6,711,541</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>118,940,204</b>	<b>118,940,204</b>	<b>112,228,663</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 121,757,452</b>	<b>\$ 121,431,771</b>	<b>\$ 118,940,204</b>

The accompanying notes and supporting schedules are an integral part of these consolidated financial statements.

# MUNICIPALITY OF CROWSNEST PASS

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31, 2023

	<u>Budget</u> <u>(note 13)</u>	<u>2023</u>	<u>2022</u> <u>(restated)</u>
<b>ANNUAL SURPLUS</b>	<b>\$ 2,817,248</b>	<b>\$ 2,491,567</b>	<b>\$ 6,711,541</b>
Acquisition of tangible capital assets	(4,189,000)	(4,954,071)	(13,970,304)
Proceeds on disposal of tangible capital assets	-	210,329	505,313
ARO accretion expense	-	21,163	20,156
Amortization of tangible capital assets	-	4,385,724	4,044,771
Increase in asset retirement obligation	-	(21,163)	-
Gain on disposal of tangible capital assets	-	(8,183)	(371,265)
	<u>(4,189,000)</u>	<u>(365,804)</u>	<u>(9,771,329)</u>
Acquisition of supplies inventories	-	(475,522)	(428,299)
Acquisition of prepaid assets	-	(283,844)	(68,419)
Use of supplies inventories	-	428,299	430,408
Use of prepaid assets	-	68,419	227,282
	<u>-</u>	<u>(262,648)</u>	<u>160,972</u>
<b>DECREASE IN NET FINANCIAL ASSETS</b>	<b>(1,371,752)</b>	<b>1,863,115</b>	<b>(2,898,816)</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b><u>3,031,774</u></b>	<b><u>3,031,774</u></b>	<b><u>5,930,590</u></b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b><u>\$ 1,660,022</u></b>	<b><u>\$ 4,894,889</u></b>	<b><u>\$ 3,031,774</u></b>

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# MUNICIPALITY OF CROWNEST PASS

## CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2023

	2023	2022 (restated)
<b>NET OUTFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual surplus	\$ 2,491,567	\$ 6,711,542
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	4,385,724	4,044,771
ARO Accretion Expense	21,163	20,155
Gain on disposal of tangible capital assets	(8,183)	(371,265)
Amortization of bonds discount	(18,999)	(18,240)
Loss on disposal of investments	4,746	-
Non-cash charges to operations (net change):		
Taxes and grants in lieu receivables	66,743	(197,867)
Trade and other receivables	1,341,962	2,833,822
Inventory for consumption	(47,223)	2,109
Prepaid expenses	(215,423)	158,863
Accounts payables	(4,273,076)	(620,935)
Deferred revenue	(2,957,306)	769,681
Deposits	102,500	-
Employee benefit obligations	(70,996)	(87,103)
	<b>823,597</b>	<b>13,245,533</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(4,954,071)	(13,547,040)
Proceeds on disposal of tangible capital assets	210,329	505,313
	<b>(4,743,742)</b>	<b>(13,041,727)</b>
<b>INVESTING</b>		
Purchase of investments	(506,900)	(71,800)
Sale of investments	476,800	-
	<b>(30,100)</b>	<b>(71,800)</b>
<b>FINANCING</b>		
Proceeds of long-term debt	-	4,369,590
Repayment of long-term debt	(549,934)	(443,576)
	<b>(549,934)</b>	<b>3,926,014</b>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>(4,500,179)</b>	<b>4,058,020</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>17,576,557</b>	<b>13,518,537</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 13,076,378</b>	<b>\$ 17,576,557</b>

The accompanying notes and supporting schedules are an integral part of these consolidated financial statements.

# MUNICIPALITY OF CROWNEST PASS

## SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS YEAR ENDED DECEMBER 31, 2023

**SCHEDULE 1**

	Unrestricted Surplus (note 10)	Internally Restricted Surplus (note 10)	Equity in Tangible Capital Assets (note 9)	2023	2022 (restated)
<b>BALANCE, BEGINNING OF YEAR</b>	5,173,462	8,710,049	105,056,693	<b>\$ 118,940,204</b>	<b>\$ 112,449,963</b>
Annual surplus	2,491,567	-	-	<b>2,491,567</b>	6,490,243
Unrestricted funds designated for future use	(3,796,669)	3,796,669	-	-	-
Restricted funds used for operations	780,402	(780,402)	-	-	-
Current year funds used for tangible capital assets	(3,423,858)	(1,530,213)	4,954,071	-	-
Disposal of tangible capital assets	202,542	-	(202,542)	-	-
Annual amortization expense	4,385,724	-	(4,385,724)	-	-
Asset retirement obligation accretion expense	21,162	-	(21,162)	-	-
Change in capital debt	(549,933)	-	549,933	-	-
<b>Change in accumulated surplus</b>	<b>110,937</b>	<b>1,486,054</b>	<b>894,576</b>	<b>2,491,567</b>	<b>6,490,243</b>
<b>BALANCE, END OF YEAR</b>	<b>5,284,399</b>	<b>10,196,103</b>	<b>105,951,269</b>	<b>\$ 121,431,771</b>	<b>\$ 118,940,204</b>

## MUNICIPALITY OF CROWNEST PASS

### SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2023

#### SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2023	2022 (restated)
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$5,320,551	\$6,208,563	\$10,600,290	\$227,956,244	\$14,109,700	\$5,136,905	\$ 269,332,253	\$ 255,495,997
Acquisition of tangible capital assets	1,288,420				153,123	426,239	1,867,782	3,028,562
Additions to construction-in-progress (a)	-	-	193,469	2,892,820	-	-	3,086,289	10,941,742
Disposition of tangible capital assets	(196,477)	-	(2,922)	-	(29,502)	-	(228,901)	(134,048)
<b>BALANCE, END OF YEAR</b>	<b>6,412,494</b>	<b>6,208,563</b>	<b>10,790,837</b>	<b>230,849,064</b>	<b>14,233,321</b>	<b>5,563,144</b>	<b>274,057,423</b>	<b>269,332,253</b>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	2,879,302	5,778,797	135,382,728	7,523,451	2,356,263	153,920,541	149,634,314
Annual amortization	-	238,832	337,128	2,734,559	768,256	306,949	4,385,724	4,286,227
Accumulated amortization on disposal	-	-	(1,929)	-	(24,430)	-	(26,359)	-
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>3,118,134</b>	<b>6,113,996</b>	<b>138,117,287</b>	<b>8,267,277</b>	<b>2,663,212</b>	<b>158,279,906</b>	<b>153,920,541</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$6,412,494</b>	<b>\$3,090,429</b>	<b>\$4,676,841</b>	<b>\$92,731,777</b>	<b>\$5,966,044</b>	<b>\$2,899,932</b>	<b>\$ 115,777,517</b>	<b>\$ 115,411,712</b>
<b>2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$5,320,551</b>	<b>\$3,329,261</b>	<b>\$4,821,493</b>	<b>\$92,573,516</b>	<b>\$6,586,249</b>	<b>\$2,780,642</b>	<b>\$ 115,411,712</b>	

(a) The net book value of tangible capital assets not being amortized because they are under construction is \$861,305 (2022 - \$23,115,198).

# MUNICIPALITY OF CROWNEST PASS

## SCHEDULE OF PROPERTY AND OTHER TAXES YEAR ENDED DECEMBER 31, 2023

### SCHEDULE 3

	<u>Budget</u>	<u>2023</u>	<u>2022</u>
<b>TAXATION</b>			
Real property taxes	\$ 12,220,490	\$ 12,970,348	\$ 12,184,521
Linear property taxes	1,115,587	1,115,587	1,073,030
Government grants in lieu of property taxes	100,511	100,511	104,155
	<u>13,436,588</u>	<u>14,186,446</u>	<u>13,361,706</u>
<b>REQUISITIONS</b>			
Alberta School Foundation	3,163,000	3,123,795	2,835,958
Crowsnest Pass Senior Housing	435,841	595,563	551,333
	<u>3,598,841</u>	<u>3,719,358</u>	<u>3,387,291</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 9,837,747</u>	<u>\$ 10,467,088</u>	<u>\$ 9,974,415</u>

# MUNICIPALITY OF CROWSNEST PASS

## SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2023

### SCHEDULE 4

	Budget	2023	2022
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	\$ 423,804	\$ 451,571	\$ 760,209
Other	-	409,339	65,637
	423,804	860,910	825,846
 <b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	1,540,000	4,069,795	7,925,980
	1,540,000	4,069,795	7,925,980
 <b>TOTAL GOVERNMENT TRANSFERS</b>	\$ 1,963,804	\$ 4,930,705	\$ 8,751,826

# MUNICIPALITY OF CROWSNEST PASS

## SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT YEAR ENDED DECEMBER 31, 2023

### SCHEDULE 5

	Budget	2023	2022 (restated)
<b>EXPENSES</b>			
Salaries, wages and benefits	\$ 7,381,120	\$ 7,566,577	\$ 6,998,083
Contracted and general services	5,518,242	5,381,823	4,828,819
Materials, goods, supplies and utilities	2,774,516	3,388,142	3,688,031
Bank charges and short-term interest	34,000	41,567	34,810
Interest on long-term debt	311,097	338,854	262,420
Other expenditures	55,000	194,333	49,965
Transfers to organizations and others	530,970	367,717	365,346
Amortization of tangible capital assets	-	4,385,724	4,044,771
Loss on disposal of tangible capital assets	-	397	-
	<b>\$ 16,604,945</b>	<b>\$ 21,665,134</b>	<b>\$ 20,272,245</b>



# MUNICIPALITY OF CROWNEST PASS

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 6

	General Government	Protective Services	Public Works	Water & Waste	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
<b>REVENUE</b>								
Net municipal taxes (schedule 3)	\$ 10,467,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,467,088
Government transfers (schedule 4)	248,648	-	78,662	3,991,133	564,983	-	47,279	4,930,705
User fees and sales of goods	95,171	168,699	149,559	4,131,152	19,451	151,399	622,064	5,337,495
Investment Income	898,995	-	-	-	-	-	-	898,995
Penalties and costs of taxes	153,833	-	-	-	-	-	-	153,833
Licenses and permits	133,936	12,215	-	51,276	690	182,862	-	380,979
Franchise and concession contracts	1,297,530	-	-	-	-	-	-	1,297,530
Rental	-	40	-	-	-	54,615	330,619	385,274
Other	224,399	750	-	-	71,395	75	-	296,619
Gain on disposal of tangible capital assets	1,181	1,469	2,683	-	-	2,850	-	8,183
	<u>13,520,781</u>	<u>183,173</u>	<u>230,904</u>	<u>8,173,561</u>	<u>656,519</u>	<u>391,801</u>	<u>999,962</u>	<u>24,156,702</u>
<b>EXPENSES</b>								
Salaries and benefits	1,841,653	781,374	1,647,030	770,056	121,175	513,243	1,892,046	7,566,577
Goods and services	1,186,139	895,077	2,424,576	2,265,279	175,483	469,777	1,353,634	8,769,965
Interest	30,168	39,314	-	234,818	-	-	76,121	380,421
Transfers to organizations and others	5,000	-	-	-	91,922	-	270,795	367,717
Other expenditures	187,854	-	-	2,745	-	-	3,734	194,333
Loss on disposal of tangible capital assets	-	-	-	-	-	-	397	397
	<u>3,250,814</u>	<u>1,715,765</u>	<u>4,071,606</u>	<u>3,272,898</u>	<u>388,580</u>	<u>983,020</u>	<u>3,596,727</u>	<u>17,279,410</u>
<b>ANNUAL SURPLUS (DEFICIT), BEFORE AMORTIZATION</b>	<u>10,269,967</u>	<u>(1,532,592)</u>	<u>(3,840,702)</u>	<u>4,900,663</u>	<u>267,939</u>	<u>(591,219)</u>	<u>(2,596,765)</u>	<u>6,877,292</u>
Amortization of tangible capital assets	66,171	232,082	1,649,120	1,695,782	3,040	-	739,529	4,385,724
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 10,203,796</u>	<u>\$ (1,764,674)</u>	<u>\$ (5,489,822)</u>	<u>\$ 3,204,881</u>	<u>\$ 264,899</u>	<u>\$ (591,219)</u>	<u>\$ (3,336,294)</u>	<u>\$ 2,491,567</u>

# MUNICIPALITY OF CROWNEST PASS

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 6

	General Government	Protective Services	Public Works	Water & Waste	Public Health & Welfare	Planning & Development	Recreation & Culture	Total
<b>REVENUE</b>								
Net municipal taxes (schedule 3)	\$ 9,974,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,974,415
Government transfers (schedule 4)	238,605	129,840	100,149	7,561,730	196,304	-	525,198	8,751,826
User fees and sales of goods	156,274	191,759	73,775	3,979,045	13,373	106,619	654,614	5,175,459
Investment Income	498,099	-	-	-	-	-	4,527	502,626
Penalties and costs of taxes	178,320	-	-	-	-	-	-	178,320
Licenses and permits	83,329	15,840	-	30,278	750	171,501	-	301,698
Franchise and concession contracts	1,350,420	-	-	-	-	-	-	1,350,420
Rental	-	70	-	-	-	44,158	244,511	288,739
Other	27,352	-	-	-	61,666	-	-	89,018
Gain on disposal of tangible capital assets	254,839	-	-	-	-	116,426	-	371,265
	<u>12,761,653</u>	<u>337,509</u>	<u>173,924</u>	<u>11,571,053</u>	<u>272,093</u>	<u>438,704</u>	<u>1,428,850</u>	<u>26,983,786</u>
<b>EXPENSES</b>								
Salaries and benefits	1,552,066	635,723	1,683,810	786,491	107,769	471,895	1,760,329	6,998,083
Goods and services	1,265,113	693,797	2,459,936	2,364,628	116,145	416,368	1,200,863	8,516,850
Interest	24,753	21,023	-	171,212	-	-	80,242	297,230
Transfers to organizations and others	-	-	-	-	102,113	-	263,233	365,346
Other expenditures	46,372	-	-	-	-	-	3,593	49,965
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-
	<u>2,888,304</u>	<u>1,350,543</u>	<u>4,143,746</u>	<u>3,322,331</u>	<u>326,027</u>	<u>888,263</u>	<u>3,308,260</u>	<u>16,227,474</u>
<b>ANNUAL SURPLUS (DEFICIT), BEFORE AMORTIZATION</b>	<u>9,873,349</u>	<u>(1,013,034)</u>	<u>(3,969,822)</u>	<u>8,248,722</u>	<u>(53,934)</u>	<u>(449,559)</u>	<u>(1,879,410)</u>	<u>10,756,312</u>
Amortization of tangible capital assets	69,039	190,512	1,589,027	1,471,248	3,163	-	721,782	4,044,771
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 9,804,310</u>	<u>\$ (1,203,546)</u>	<u>\$ (5,558,849)</u>	<u>\$ 6,777,474</u>	<u>\$ (57,097)</u>	<u>\$ (449,559)</u>	<u>\$ (2,601,192)</u>	<u>\$ 6,711,541</u>

# MUNICIPALITY OF CROWNEST PASS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Municipality of Crownsnest Pass (the "Municipality") are the representations of management prepared in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board. Significant aspects of the accounting policies adopted by the Municipality of Crownsnest Pass are as follows:

#### a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in net financial assets and cash flows of the reporting entity. This entity is comprised of all the organizations that are owned or controlled by the Municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

Organizations that are controlled by the Municipality are the following:  
The Municipality of Crownsnest Pass Library Board

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

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

#### b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. User fees are recognized monthly as earned. Licenses and permits and rental revenues and other revenues are recognized as earned. Franchise revenues, and concession revenues are recognized monthly based on the term of the agreement as earned. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

#### c) Revenue Recognition

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues and the amounts to be received can be reasonably estimated and collection is reasonably

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payer. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered.

User charges for which the related services have yet to be performed are recognized when related expenses are incurred, benefits are achieved, or tangible capital assets are acquired. Revenue on investments, fines, and penalties are recognized when earned.

#### d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition, or are redeemable, and are held for the purpose of meeting short-term cash commitments rather than for investing.

#### f) Investments

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

# MUNICIPALITY OF CROWSNEST PASS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### f) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

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

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

#### g) 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 revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized and any eligibility criteria have been met except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

#### h) Tax Revenue

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Requisitions operate as a flow through and are excluded from municipal revenue.

#### i) Employee Benefit Obligations

The cost of sick leave benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days, long-term inflation rates and discount rates.

Unamortized gains and losses are amortized over the expected average remaining service life of the related employee groups, which is 10 years. Amortization commences in the year following the effective date of the related actuarial valuation.

# MUNICIPALITY OF CROWSNEST PASS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### j) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the consolidated Change in Net Financial Assets for the year.

##### i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land improvements	15-50
Buildings	10-100
Engineered structures	20-99
Machinery and equipment	3-45
Vehicles	8-25

Assets under construction are not amortized until the asset is available for productive use.

##### ii. Contributions of Tangible Capital Assets

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

##### iii. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost using the average costing method.

#### k) Contaminated Sites Liability

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Municipality is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

# MUNICIPALITY OF CROWSNEST PASS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### l) Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

#### m) Measurement Uncertainty

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include estimated employee benefit obligations, rates for amortization, and asset retirement obligation.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful life of tangible capital assets.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.



# MUNICIPALITY OF CROWNEST PASS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### n) New Accounting Policies Adopted During the year

##### i. Asset Retirement Obligation

PS 3280 Asset retirement obligation, a new standard establishing guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

Information presented for comparative purposes is restated unless the necessary financial data is not reasonably determinable.

Modified Retroactive application: During the year, the Municipality adopted a new accounting policy with respect to future obligations to retire an asset or to restore a site including dismantling, and remediation. The municipality now accounts for such transactions by initially recognizing and recording as an obligation based on estimated future cash flows discounted at a credit-adjusted risk-free rate. These asset retirement obligations are adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate.

The asset retirement obligations are also accreted to full value over time through periodic charges to statement of operations. This unwinding of the discount is charged to accretion expense in the statement of operations.

The amount of asset retirement obligation initially recognized is capitalized as part of the related asset's carrying value. The straight line method of depreciation is followed to amortize these.

Prior to this, the municipality did not account for these transactions. The municipality believes the new policy provides a fair presentation of the results and the financial position of the Municipality.

This adoption of policy has been applied on a modified retroactive basis with restatement of prior period comparative amounts. The December 31, 2022 balance sheets are adjusted in providing comparative figures in the December 31, 2023 financial statements. Previously reported December 31, 2022 operating surplus is impacted by a net decrease of accumulated surplus of \$24,469 due to the new standard for the increase in ARO accretion expense of \$20,156 and amortization of ARO assets of \$4,313. The opening balance of accumulated surplus as at January 1, 2022 is increased by \$221,300 due to the adoption of the new standard including the net book value of the ARO assets of \$181,808.

##### ii. Financial Instruments

Cash, accounts receivable, accounts payable are measured at cost. Short term investments and long-term debt is measured at cost or amortized costs. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost.

# MUNICIPALITY OF CROWNEST PASS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

### 2. CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u>
Cash	\$ 12,951,129	\$ 17,538,173
Investment in cash account	94,950	28,085
Short-term investment - Library	30,299	10,299
	<u>\$ 13,076,378</u>	<u>\$ 17,576,557</u>

Cash includes bank accounts with interest rates from 0.00% to 4.25%.

Included in cash is \$2,929,654 (2022 - \$5,886,960) in externally restricted funds for future capital and operating expenditures and are include in deferred revenue (note 6). Included in cash is \$6,269,959 (2022 - \$4,467,210) in internally restricted funds related to reserves (note 10).

The Municipality has an available revolving line of credit facility up to \$2,000,000 with interest payable at prime minus 0.25% and secured by a general security agreement. As at December 31, 2023 the balance owing on this facility is \$nil (2022 - \$nil).

### 3. TAXES AND GRANTS IN LIEU RECEIVABLES AND OTHER RECEIVABLES

	<u>2023</u>	<u>2022</u>
Current taxes and grants in lieu	\$ 320,137	\$ 431,642
Arrears taxes and grants in lieu	533,894	318,691
	854,031	750,333
Less: allowance for doubtful accounts	<u>(234,416)</u>	<u>(63,975)</u>
	<u>\$ 619,615</u>	<u>\$ 686,358</u>
Utilities receivable	\$ 390,852	\$ 358,566
Trade receivables	398,466	387,888
GST receivable	110,402	189,015
Grants receivable	-	1,324,692
Other receivables	21,279	2,800
	920,999	2,262,961
Less: allowance for doubtful accounts	<u>(25,131)</u>	<u>(25,131)</u>
	<u>\$ 895,868</u>	<u>\$ 2,237,830</u>

### 4. INVESTMENTS

	<u>2023</u>		<u>2022</u>
	<u>Market Value</u>	<u>Amortized Cost</u>	
Government guaranteed bonds	\$ 2,468,563	\$ 3,054,560	\$ 3,445,310
Canadian equity mutual fund	2,719,960	2,524,900	2,089,800
	<u>5,188,523</u>	<u>5,579,460</u>	<u>\$ 5,535,110</u>

Government and government guaranteed bonds have an effective interest rate of .34% to 2.68% with maturity dates from November 2023 to January 2033. The investments are internally restricted funds for purposes of funding reserves (note 10).

# MUNICIPALITY OF CROWSNEST PASS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

### 5. EMPLOYEE BENEFIT OBLIGATIONS

	2023	2022
Reconciliation of accrued benefit obligation		
Accrued benefit obligation - January 1	\$ 219,300	\$ 303,300
Current service cost	19,500	25,500
Interest cost	11,100	9,200
Benefits paid	(48,400)	(400)
Actuarial loss (gain)	18,600	(118,300)
Accrued benefit obligation - December 31	220,100	219,300
Components of net benefit cost		
Current service cost	19,500	25,500
Interest cost	11,100	9,200
Amortization of actuarial loss	(24,300)	(14,100)
Net benefit cost recognized	6,300	20,600
Reconciliation of accrued benefit liability		
Accrued benefit liability - January 1	391,100	370,900
Benefits paid	(48,400)	(400)
Benefit cost for the year	6,300	20,600
Accrued benefit liability - December 31	349,000	391,100
Vacation and overtime	15,488	44,384
	\$ 364,488	\$ 435,484

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and they are vested) or are entitled to these benefits within the next budgetary year.

Permanent employees hired before July 1, 2008 are credited two days of sick leave for each month of employment and permanent employees hired after July 1, 2008 are credited one and one-half days each month of employment, up to a total accumulation of 120 working days for use as paid absences in the year, due to illness or injury. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. Upon death (after five years of service) or retirement (after ten years of service), 50% of the accumulated sick credits will be payable to the employee.

The sick time accrual for employee future benefits as at December 31, 2023, are based on an actuarial valuation for accounting purposes as at December 31, 2023. Significant assumptions used in the valuation include a discount rate of 4.8% (2022 - 5.0%), annual inflation of 2.25% (2022 - 3.0%), and a net annual sick leave accumulation of 25% (2022 - 25%).

# MUNICIPALITY OF CROWSNEST PASS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

### 6. DEFERRED REVENUE

Deferred revenue relates to funding received in the current period that is related to the subsequent period, and consists of the following:

	<u>Opening balance</u>	<u>Received</u>	<u>Recognized</u>	<u>Ending balance</u>
Municipal Sustainability Initiative Capital	3,852,818	894,152	3,823,115	923,855
Canada Community Building Fund	1,337,962	11,000	78,662	1,270,300
Other	302,708	321,132	281,813	342,027
Estate of Agnes Poch	86,988			86,988
Wolfstone Development	<u>306,484</u>			<u>306,484</u>
	<u>\$ 5,886,960</u>	<u>1,226,284</u>	<u>4,183,590</u>	<u>\$ 2,929,654</u>

#### **Municipal Sustainability Initiative Capital (MSI)**

The Province provides conditional grant funding through this program to assist with various capital expenditures in the Municipality. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

#### **Canada Community Building Fund (CCBF) - Formerly Federal Gas Tax**

The Government of Canada provides Alberta Transportation with a grant restricted to eligible expenditures as approved under the funding agreement.

#### **Municipal Stimulus Program**

The Province provides conditional grant funding through this program to assist with various capital expenditures in the MD. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

#### **Other**

This deferred revenue is made up of general revenues in the amount of \$117,700 for ski hill passes related to the 2023-2024 season, \$77,834 for ski hill accessibility, and \$29,535 for various other programs.

#### **Estate of Agnes Poch**

In 2020, the Estate of Agnes Poch left \$568,201 to the Municipality to be used for a community operated Senior Retirement Home or Lodge. Of this amount, \$86,988 is unspent at year end.

#### **Wolfstone Development**

These funds are restricted to the Wolfstone development. The funds were originally received from the developer Wolfstone when he was building the Wolfstone subdivision and are restricted to be used for the future development of the subdivision.

#### **Alberta Municipal Waste Water Partnership/Investing in Canada Infrastructure Program**

The Province provides conditional grant funding through these programs to assist with projects specific to waste water projects.

# MUNICIPALITY OF CROWSNEST PASS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

### 7. LONG-TERM DEBT

	2023	2022
Long-term debt related to capital expenditures (note 10)	<b>\$ 9,381,822</b>	<b>\$ 9,931,756</b>

The current portion of the long-term debt amounts to \$566,614 (2022 - \$550,113). Principal and interest repayments are as follows:

	Principal	Interest	Total
2024	566,614	322,173	888,787
2025	583,643	305,144	888,787
2026	534,449	287,568	822,017
2027	483,730	271,517	755,247
2028	499,620	255,627	755,247
Thereafter	6,713,766	3,151,477	9,865,243
	<b>\$ 9,381,822</b>	<b>\$ 4,593,506</b>	<b>\$ 13,975,328</b>

Debenture debt is repayable to the Government of Alberta and matures from 2026 to 2047. Interest is payable at rates ranging from 2.081% to 5.08%. Debenture debt is issued on the credit and security of the Municipality at large. Interest on long-term debt during the year amounted to \$341,854 (2022 - \$236,767). The Municipality's total cash payments for interest in 2023 were \$338,854 (2022 - \$262,419).

### 8. DEBT LIMITS

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

	2023	2022 (restated)
Total debt limit	<b>\$ 30,118,085</b>	<b>\$ 28,060,044</b>
Total debt	<b>9,381,822</b>	<b>9,931,756</b>
Amount total debt limit unused	<b>\$ 20,736,263</b>	<b>\$ 18,128,288</b>
Debt servicing limit	<b>\$ 5,019,681</b>	<b>\$ 4,676,674</b>
Debt servicing	<b>888,787</b>	<b>888,787</b>
Amount of debt servicing limit unused	<b>\$ 4,130,895</b>	<b>\$ 3,787,888</b>

The debt limit is calculated at 1.5 times revenue of the Municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities 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.

# MUNICIPALITY OF CROWSNEST PASS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

### 9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2023	2022 (restated)
Tangible capital assets (schedule 2)	\$ 274,057,423	\$ 269,330,183
Accumulated amortization (schedule 2)	(158,279,906)	(153,918,472)
Asset Retirement Obligation (note 17)	(444,426)	(423,263)
Long-term debt related to capital expenditures (note 7)	(9,381,822)	(9,931,756)
	\$ 105,951,269	\$ 105,056,692

### 10. ACCUMULATED SURPLUS

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

	2023	2022 (restated)
Unrestricted surplus		
Municipal	\$ 5,261,085	\$ 5,160,448
Crowsnest Pass Municipal Library	23,314	13,015
	5,284,399	5,173,463
Internally Restricted surplus		
Roads, streets, walks and lighting	86,730	260,948
Land/housing	1,252,031	2,245,810
Public works	5,437,414	5,542,532
Operating stabilization	3,007,000	269,469
Family community support services	27,810	40,312
Risk management	385,118	350,978
	10,196,103	8,710,049
Equity in tangible capital assets (note 9)	105,951,269	105,056,692
	\$ 121,431,771	\$ 118,940,204



# MUNICIPALITY OF CROWNEST PASS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

### 11. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2023			2022
	Salary <sup>1</sup>	Benefits <sup>2</sup>	Total	Total
<b>Council</b>				
Mayor Painter	\$ 45,954	3,273	\$ 49,227	\$ 34,512
Councillor Ward	37,627	2,509	40,136	30,620
Councillor Filipuzzi	30,659	420	31,079	25,431
Councillor Glavin	27,545	444	27,989	24,096
Councillor Girhiny	29,075	2,476	31,551	21,245
Councillor Sygutek	25,595	2,509	28,104	23,079
Councillor Kubik	24,191	1,481	25,672	17,609
Chief Administrative Officer (1)	205,984	34,769	240,753	265,901
Designated Officers (2)	137,640	21,747	159,387	206,222

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
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 death and dismemberment insurance, long and short term disability plans, professional memberships, and tuition.

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

### 12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Municipality of Crownsnest Pass participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP serves approximately 291,259 people and approximately 437 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current services are recorded as expenditures in the year in which they become due.

# MUNICIPALITY OF CROWSNEST PASS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

### 12. LOCAL AUTHORITIES PENSION PLAN (continued)

The Municipality is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.80% on pensionable earnings above this amount. Employees of the Municipality are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 12.80% on pensionable salary above this amount.

Total current service contributions by the Municipality of Crowsnest Pass to the LAPP in 2023 were \$434,181 (2022 - \$411,521). Total current service contributions by the employees of Municipality of Crowsnest Pass to the Local Authorities Pension Plan in 2023 were \$386,921 (2022 - \$367,177).

At December 31, 2022, the Plan disclosed an actuarial surplus of \$12.7 Billion.

### 13. BUDGETED INFORMATION

Budgeted information was prepared under the modified accrual method. This note provides a reconciliation between the approved budget figures and the budget figures disclosed in the financial statements.

	<u>2023</u>
Budget surplus reported in financial statements	\$ 1,277,248
Capital asset acquisition	4,189,000
Government transfers capital revenue	(1,540,000)
Long term debt repayment	(550,113)
Long term debt - new	(1,270,000)
Donation	(500,000)
Transfers to reserves	(2,270,135)
Transfers from reserves	<u>664,000</u>
Financial plan bylaw surplus for the year	<u>\$ -</u>

# MUNICIPALITY OF CROWSNEST PASS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

### 14. SEGMENTED INFORMATION

The Municipality of Crowsnest Pass is a diversified municipal government institution that provides a wide range of services to its citizens, including protective services, public works, water and waste services, public health and welfare, planning and development, recreation and culture, and electrical distribution services. For management reporting purposes the Municipality's operations and activities are organized and reported by departments. Departments were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

#### **General Government**

General government includes the legislation, administration and management of the Municipality.

#### **Protective Services**

Protective services are comprised of bylaw enforcement, police, and fire-rescue. The mandate of the police and bylaw enforcement department is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crime from occurring; detect offenders and enforce the law. The fire service department is responsible for providing fire suppression service and rescue services.

#### **Public Works**

The Public Works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems and the maintenance of the parks and open spaces.

#### **Water & Waste**

The Water and Waste department consists of three distinct utilities - water, wastewater and solid waste disposal. The department provides drinking water, collecting and treating wastewater, and providing collection, disposal and waste minimization programs.

#### **Public Health & Welfare**

The Public Health and Welfare department provides Family and Community Support Services and provides for the maintenance of the cemetery.

#### **Planning & Development**

The Planning and Development department provides a diverse bundle of services. It manages municipal development for its citizens, environmental concerns, and heritage matters through municipal planning. It facilitates economic development by providing services for the approval of land development plans, the processing of building permit application and the provision of geometric services.

#### **Recreation & Culture**

Recreation and Culture provides support of libraries, parks, and recreation.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

# MUNICIPALITY OF CROWSNEST PASS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

### 15. CONTINGENCIES

- a) The Municipality is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of membership, the Municipality 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.

### 16. COMMITMENTS

The Municipality has entered into various contracts with third party agencies to provide services on behalf of the Municipality:

- b) Benchmark Assessment Consultants Inc. Under the terms of this agreement, Benchmark Assessment Consultants Inc. is required to provide property tax assessments for the Municipality. The contract expires 2028 and contains the following agreed upon amounts:

July 1, 2023 to June 30, 2024 \$134,175 plus GST  
July 1, 2024 to June 30, 2025 \$139,542 plus GST  
July 1, 2025 to June 30, 2026 \$144,909 plus GST  
July 1, 2026 to June 30, 2027 \$150,276 plus GST  
July 1, 2027 to June 30, 2028 \$155,643 plus GST

### 17. Asset Retirement Obligation

	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 423,263	\$ 403,108
Accretion expense	21,163	20,155
Estimated total liability	<u>\$ 444,426</u>	<u>\$ 423,263</u>

### 18. CONTAMINATED SITES LIABILITY

The Municipality did not identify any financial liabilities in 2023 (2022 - nil) as a result of PS3260 standard.

# MUNICIPALITY OF CROWSNEST PASS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

### 19. FINANCIAL INSTRUMENTS

#### a) Financial Instrument Risk

The Municipality is exposed to credit risk, liquidity risk, and interest rate risk and market rate risk from its financial instruments. This note describes the Municipalities objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

There have not been any changes from the prior year in the Municipalities' exposure to above risks or the policies, procedures, and methods it uses to manage and measure the risks.

#### b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Municipality is exposed to credit risk through its cash and accounts receivable, and portfolio investments.

The Municipality manages its credit risk by monitoring outdated accounts for collection. The Municipality measures its exposure to credit risk based on by how long amounts have been outstanding and on historical experience regarding collections. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable, included in Notes 2 & 3. The Municipality maintains the majority of its bank accounts and investment accounts at two financial institutions. Holding cash at bank institutions with cash accounts which are insured up to \$100,000 or 100%. Balances in these accounts may exceed federally insured amounts. Accounts receivable arise primarily as a result of interest receivables. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

The Municipality manages exposure to credit risk for portfolio investments by ensuring adequate diversification and by maintaining its investments which meets the investment requirements of Alberta Municipal Affairs. As a result, the Municipality has reduced exposure to market or value risk.

#### c) Liquidity Risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting obligations associated with financial liabilities. The Municipality is exposed to liquidity risk through its accounts payable and investments.

The Municipality manages this risk by monitoring cash activities and expected outflows through budgeting, and has the ability to increase tax rates per bylaw in order to increase cash. The Municipality staggers maturity dates of its investment portfolio for cash flow needs. Also to help manage the risk, the Municipality has in place a planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The Municipality measures its exposure to liquidity risk based on extensive budgeting.

### 20. Comparative Figures

Certain prior year corresponding figures have been restated to conform to the current year's presentation.