

TOWN OF CARSTAIRS
FINANCIAL STATEMENTS
DECEMBER 31, 2024

Management's Responsibility

To the Members of Council of the Town of Carstairs:

Management is responsible for the preparation, accuracy, objectivity, integrity, and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards ("PSAS"). This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required. Management believes that the financial statements present fairly the Town's financial position as at December 31, 2024 and the results of its operations for the year then ended.

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

Council is composed entirely of individuals who are neither management nor employees of the Town. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the 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 Town's external auditors.

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

March 10, 2025

A handwritten signature in blue ink, appearing to be 'K. B. L.', written over a horizontal line.

Chief Administrative Officer

Independent Auditor's Report

To the Members of Council of the Town of Carstairs:

Opinion

We have audited the financial statements of the Town of Carstairs (the "Town"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, change in net financial assets, cash flows, and the related schedules I to VI for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2024, the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the 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 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 Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

- **Debt Limit Regulation:**
In accordance with Alberta Regulation 255/2000, we confirm that the Town is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in Note 10.
- **Supplementary Accounting Principles and Standards Regulation:**
In accordance with Alberta Regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 14.

Calgary, Alberta
March 10, 2025

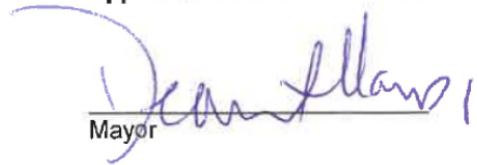
MNP **LLP**
Chartered Professional Accountants

MNP

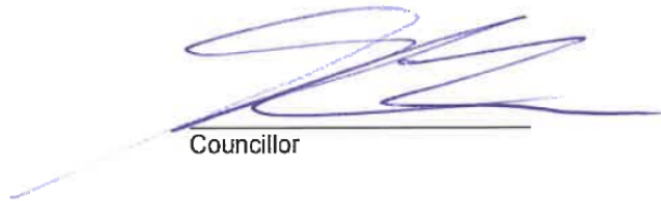
Town of Carstairs
Statement of Financial Position
As at December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	8,580,270	5,771,933
Receivables		
Taxes and grants in place of taxes receivable (Note 3)	173,890	175,798
Trade and other receivables	406,467	509,769
Receivables from other governments	36,527	97,159
Land inventory held for resale	422,595	422,595
	9,619,749	6,977,254
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	859,997	885,639
Deposit liabilities (Note 5)	26,150	24,950
Deferred revenue (Note 6)	1,374,452	391,592
Employee benefit obligations (Note 7)	285,713	279,112
Asset retirement obligation (Note 8)	53,823	69,716
Long-term debt (Note 9)	2,585,410	2,942,806
	5,185,545	4,593,815
NET FINANCIAL ASSETS	4,434,204	2,383,439
Contingencies (Note 16)		
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule II)	56,935,746	56,839,564
Inventory for consumption	58,381	65,801
Prepaid expenses	14,049	17,564
	57,008,176	56,922,929
ACCUMULATED SURPLUS (Schedule I, Note 12)	61,442,380	59,306,368

Approved on behalf of Council



Mayor



Councillor

The accompanying notes are an integral part of these financial statements

Town of Carstairs
Statement of Operations
For the year ended December 31, 2024

	2024 Budget	2024	2023
REVENUE			
Net municipal taxes (Schedule III)	5,309,691	5,308,706	4,982,260
User fees and sales of goods	5,282,080	5,806,314	5,627,704
Government transfers for operating (Schedule IV)	865,578	785,926	936,731
Investment income	171,176	408,520	209,458
Penalties and costs of taxes	75,000	87,550	74,805
Licenses and permits	158,850	321,201	236,561
Franchise and concession contracts	571,320	611,406	561,709
Gain on disposal of tangible capital assets	-	41,649	10,000
Other revenue	20,312	207,464	124,031
	12,454,007	13,578,736	12,763,259
EXPENSES			
General government			
Council and other legislative	336,907	447,975	296,587
General administrative	1,699,377	1,568,323	1,392,630
Protective services			
Fire	623,467	859,870	936,006
Disaster and emergency services	41,840	37,923	37,713
Bylaw enforcement	752,372	674,870	755,494
Transportation			
Common and equipment pool	49,150	43,179	41,397
Roads, streets, walks, lighting	982,099	2,372,007	2,278,336
Storm sewers and drainage	40,234	138,642	112,740
Planning and development			
Land use planning, zoning and development	439,379	425,513	351,408
Subdivision land and development	280,477	308,249	340,573
Recreation and culture			
Parks and recreation	3,046,996	3,420,433	3,233,617
Libraries, museums, halls	377,042	395,080	399,907
Environmental services			
Water supply and distribution	1,406,479	1,406,222	1,361,610
Wastewater treatment and disposal	208,624	424,225	1,305,662
Waste management	461,591	463,657	493,123
Community services			
Family and community support	107,161	98,676	95,817
Other public health and welfare	454,288	449,031	424,829
	11,307,483	13,533,875	13,857,449
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	1,146,524	44,861	(1,094,190)
OTHER			
Capital donations and other revenue	-	-	-
Contributed and donated assets	-	879,405	1,734,567
Government transfers for capital (Schedule IV)	888,382	801,789	952,898
Off-site levies from developers	220,000	409,957	270,835
EXCESS OF REVENUE OVER EXPENSES	2,254,906	2,136,012	1,864,110
ACCUMULATED SURPLUS, BEGINNING OF YEAR	59,306,368	59,306,368	57,442,258
ACCUMULATED SURPLUS, END OF YEAR	61,561,274	61,442,380	59,306,368

The accompanying notes are an integral part of these financial statements

Town of Carstairs
Statement of Change in Net Financial Assets

For the year ended December 31, 2024

	2024 Budget	2024	2023
EXCESS OF REVENUE OVER EXPENSES	2,254,906	2,136,012	1,864,110
Acquisition of tangible capital assets	(1,283,240)	(1,695,274)	(1,817,189)
Contributed and donated tangible capital assets	-	(879,405)	(1,734,567)
Proceeds on disposal of tangible capital assets	-	52,505	74,758
Amortization of tangible capital assets	-	2,467,641	2,324,127
Net (gain) loss on disposal of tangible capital assets	-	(41,649)	(3,228)
(Acquisition) use of inventory for consumption	-	7,420	(21,399)
(Acquisition) use of prepaid expenses	-	3,515	(3,747)
INCREASE IN NET FINANCIAL ASSETS	971,666	2,050,765	682,865
NET FINANCIAL ASSETS, BEGINNING OF YEAR	2,383,439	2,383,439	1,700,574
NET FINANCIAL ASSETS, END OF YEAR	3,355,105	4,434,204	2,383,439

The accompanying notes are an integral part of these financial statements

Town of Carstairs
Statement of Cash Flows
For the year ended December 31, 2024

	2024	2023
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	2,136,012	1,864,110
Non-cash items included in excess (shortfall) of revenues over expenses:		
Amortization of tangible capital assets	2,467,641	2,324,127
Tangible capital assets received as contributions	(879,405)	(1,734,567)
Net (gain) loss on disposal of tangible capital assets	(41,649)	(3,228)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	1,908	41,312
Decrease (increase) in trade and other receivables	103,302	(61,833)
Decrease (Increase) in inventory for consumption	7,420	(21,399)
Decrease (increase) in prepaid expenses	3,515	(3,747)
Increase (decrease) in receivable from other governments	60,632	(62,360)
Increase (decrease) in accounts payable and accrued liabilities	(25,642)	23,668
Increase (decrease) in deposit liabilities	1,200	2,650
Increase (decrease) in deferred revenue	982,860	281,594
Increase (decrease) in employee benefit obligations	6,601	24,883
Increase (decrease) in asset retirement obligations	(15,893)	(14,955)
Cash provided by operating transactions	4,808,502	2,660,255
CAPITAL		
Acquisition of tangible capital assets (Schedule II)	(1,695,274)	(1,817,189)
Proceeds on disposal of tangible capital assets	52,505	74,758
Cash provided by (applied to) capital transactions	(1,642,769)	(1,742,431)
FINANCING		
Long-term debt issued	500,912	319,196
Long-term debt repaid	(858,308)	(1,033,510)
Cash provided by (applied to) financing transactions	(357,396)	(714,314)
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	2,808,337	203,510
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	5,771,933	5,568,423
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	8,580,270	5,771,933

The accompanying notes are an integral part of these financial statements

Town of Carstairs
Schedule I - Schedule of Changes in Accumulated Operating Surplus

For the year ended December 31, 2024

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2024	2023
		(Note 12)	(Note 11)		
BALANCE, BEGINNING OF YEAR	1,098,219	4,381,107	53,827,042	59,306,368	57,442,258
Excess (deficiency) of revenue over expenses	2,136,012	-	-	2,136,012	1,864,110
Unrestricted funds designated for future use	(2,273,409)	2,273,409	-	-	-
Restricted funds used for operations	210,502	(210,502)	-	-	-
Restricted funds used for tangible capital assets	-	(399,073)	399,073	-	-
Acquisition of tangible capital assets	(1,296,201)	-	1,296,201	-	-
Contributed tangible capital assets	(879,405)	-	879,405	-	-
Disposal of tangible capital assets	10,856	-	(10,856)	-	-
Asset retirement obligation settled	(15,893)	-	15,893	-	-
Annual amortization expense	2,467,641	-	(2,467,641)	-	-
Long-term debt proceeds	500,912	-	(500,912)	-	-
Long-term debt repaid	(858,308)	-	858,308	-	-
Change in accumulated surplus	2,707	1,663,834	469,471	2,136,012	1,864,110
BALANCE, END OF YEAR	1,100,926	6,044,941	54,296,513	61,442,380	59,306,368

The accompanying notes are an integral part of these financial statements

Town of Carstairs
Schedule II - Schedule of Tangible Capital Assets

For the year ended December 31, 2024

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2024	2023
COST:								
BALANCE, BEGINNING OF YEAR	4,446,629	4,110,582	11,666,261	63,804,289	3,579,410	2,201,212	89,808,383	86,554,150
Acquisition of tangible capital assets	30,000	24,555	37,695	667,884	559,250	375,890	1,695,274	1,817,189
Contributed tangible capital assets	135,000	-	-	744,405	-	-	879,405	1,734,567
Disposal of tangible capital assets	-	-	-	(92,055)	(7,622)	(66,469)	(166,146)	(297,521)
BALANCE, END OF YEAR	4,611,629	4,135,137	11,703,956	65,124,523	4,131,038	2,510,633	92,216,916	89,808,385
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	1,707,595	3,487,874	24,989,125	1,791,261	992,966	32,968,821	30,870,685
Annual amortization	-	173,939	226,786	1,699,023	225,463	142,430	2,467,641	2,324,127
Accumulated amortization on disposals	-	-	-	(88,936)	(5,399)	(60,957)	(155,292)	(225,991)
BALANCE, END OF YEAR	-	1,881,534	3,714,660	26,599,212	2,011,325	1,074,439	35,281,170	32,968,821
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,611,629	2,253,603	7,989,296	38,525,311	2,119,713	1,436,194	56,935,746	56,839,564
2023 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,446,631	2,402,987	8,178,387	38,815,163	1,788,150	1,208,246	56,839,564	

During the year, tangible capital assets were acquired at an aggregate cost of \$1,695,274 (2023 - \$1,817,189), and \$879,405 (2023 - \$1,734,567) was acquired as contributed tangible capital assets. Of the \$1,695,274 (2023 - \$1,817,189) acquired, \$nil (2023 - \$nil) is included in accounts payable at year end, consequently, \$1,695,274 (2023 - \$1,817,189) was paid in cash to acquire tangible capital assets during the year.

During the year, tangible capital assets with a net book value of \$10,856 (2023 - \$71,530) were disposed of for proceeds of \$52,505 (2023 - \$64,758), resulting in a gain on disposal of tangible capital assets of \$41,649 (2023 - net loss of \$6,772).

In the prior year, land with a cost of \$nil was transferred to an other organization resulting in a gain on disposal of \$10,000.

The accompanying notes are an integral part of these financial statements

Town of Carstairs
Schedule III - Schedule of Property and Other Taxes

For the year ended December 31, 2024

	2024 Budget	2024	2023
TAXATION			
Residential land and improvement taxes	7,795,931	7,794,078	7,072,149
Non-residential linear property taxes	930	1,799	832
Residential grants in place of property taxes	-	-	-
	7,796,861	7,795,877	7,072,981
REQUISITIONS			
Alberta School Foundation Fund	2,166,312	2,166,313	1,813,308
Mountain View Foundation	320,858	320,858	277,413
	2,487,170	2,487,171	2,090,721
NET MUNICIPAL PROPERTY TAXES	5,309,691	5,308,706	4,982,260

The accompanying notes are an integral part of these financial statements

Town of Carstairs
Schedule IV - Schedule of Government Transfers

For the year ended December 31, 2024

	2024 Budget	2024	2023
TRANSFERS FOR OPERATING			
Provincial government	324,478	270,657	438,464
Federal government	2,000	6,120	8,220
Other local governments	539,100	509,149	490,047
	865,578	785,926	936,731
TRANSFERS FOR CAPITAL			
Provincial government	888,382	742,879	928,314
Other local governments	-	58,910	24,584
	888,382	801,789	952,898
TOTAL GOVERNMENT TRANSFERS	1,753,960	1,587,715	1,889,629

The accompanying notes are an integral part of these financial statements

Town of Carstairs
Schedule V - Schedule of Expenses by Object

For the year ended December 31, 2024

	2024 Budget	2024	2023
EXPENSES BY OBJECT			
Salaries, wages and benefits	5,145,405	4,942,073	4,790,739
Contracted and general services	2,846,843	2,775,046	3,511,022
Materials, goods, supplies, and utilities	2,793,388	2,684,583	2,518,559
Provision for allowances	2,000	30,376	555
Transfers to individuals and organizations	481,797	470,726	508,498
Bank charges and short-term interest	38,050	43,337	39,978
Interest on capital long-term debt	-	120,093	157,198
Amortization of tangible capital assets	-	2,467,641	2,324,128
Loss on disposal of tangible capital assets	-	-	6,772
	11,307,483	13,533,875	13,857,449

The accompanying notes are an integral part of these financial statements

Town of Carstairs
Schedule VI - Schedule of Segmented Disclosure
For the year ended December 31, 2024

	General government	Protective services	Transportation services	Planning & development	Recreation & culture	Environmental services	Community services	Total
REVENUE								
Net municipal taxes	5,308,706	-	-	-	-	-	-	5,308,706
User fees and sales of goods	24,736	259,696	-	28,630	2,403,577	2,924,560	165,115	5,806,314
Government transfers for operating	90,554	214,847	32,081	49,455	265,758	-	133,231	785,926
Investment income	240,543	11,441	52,274	-	4,113	100,149	-	408,520
Penalties and costs of taxes	87,550	-	-	-	-	-	-	87,550
Licenses and permits	-	730	-	286,943	-	-	33,528	321,201
Franchise and concession contracts	611,406	-	-	-	-	-	-	611,406
Gain on disposal of tangible capital assets	-	-	787	-	-	40,862	-	41,649
Other revenue	3,747	40,598	25,741	-	106,629	6,753	23,996	207,464
	6,367,242	527,312	110,883	365,028	2,780,077	3,072,324	355,870	13,578,736
EXPENSES								
Salaries, wages and benefits	1,136,697	625,079	445,711	367,885	1,784,384	309,017	273,300	4,942,073
Contracted and general services	616,692	514,842	209,579	351,567	428,190	468,593	185,583	2,775,046
Materials, goods, supplies, and utilities	82,575	130,570	395,662	7,940	954,596	1,102,231	11,009	2,684,583
Bank charges and short-term interest	5,844	-	-	-	37,493	-	-	43,337
Interest on capital long-term debt	-	66,185	38,223	-	13,914	1,771	-	120,093
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-
Transfers to individuals and organizations	-	53,042	-	-	283,738	56,131	77,815	470,726
Provisions for allowances	1,274	-	-	-	2,802	26,300	-	30,376
	1,843,082	1,389,718	1,089,175	727,392	3,505,117	1,964,043	547,707	11,066,234
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE AMORTIZATION AND OTHER								
	4,524,160	(862,406)	(978,292)	(362,364)	(725,040)	1,108,281	(191,837)	2,512,502
Contributed assets	-	-	-	879,405	-	-	-	879,405
Capital government transfers	-	58,910	546,961	-	-	195,918	-	801,789
Offsite levies and other	-	-	132,012	-	-	277,945	-	409,957
Amortization expense	(173,216)	(182,945)	(1,464,653)	(6,370)	(310,396)	(330,061)	-	(2,467,641)
NET REVENUE	4,350,944	(986,441)	(1,763,972)	510,671	(1,035,436)	1,252,083	(191,837)	2,136,012

Town of Carstairs
Schedule VI - Schedule of Segmented Disclosure
For the year ended December 31, 2023

	General government	Protective services	Transportation services	Planning & development	Recreation & culture	Environmental services	Community services	Total
REVENUE								
Net municipal taxes	4,982,260	-	-	-	-	-	-	4,982,260
User fees and sales of goods	16,612	194,061	650	138,972	2,106,805	3,031,737	138,867	5,627,704
Government transfers for operating	21,902	205,368	85,747	-	270,195	224,776	128,743	936,731
Investment income	199,786	3,479	-	-	6,193	-	-	209,458
Penalties and costs of taxes	74,805	-	-	-	-	-	-	74,805
Licenses and permits	-	790	-	206,596	-	-	29,175	236,561
Franchise and concession contracts	561,709	-	-	-	-	-	-	561,709
Gain on disposal of tangible capital assets	-	-	-	10,000	-	-	-	10,000
Other revenue	1,756	20,867	6,599	-	81,531	13,178	100	124,031
	5,858,830	424,565	92,996	355,568	2,464,724	3,269,691	296,885	12,763,259
EXPENSES								
Salaries, wages and benefits	1,072,173	653,419	440,100	356,739	1,679,547	340,640	248,121	4,790,739
Contracted and general services	407,156	591,959	200,421	327,465	465,012	1,331,205	187,804	3,511,022
Materials, goods, supplies, and utilities	33,232	175,391	383,631	4,201	871,937	1,040,546	9,621	2,518,559
Bank charges and short-term interest	10,169	-	-	-	29,809	-	-	39,978
Interest on capital long-term debt	-	80,136	25,994	-	32,455	18,613	-	157,198
Loss on disposal of tangible capital assets	-	-	(157)	-	2,505	4,424	-	6,772
Transfers to individuals and organizations	-	62,580	-	-	266,183	104,635	75,100	508,498
Provisions for allowances	555	-	-	-	-	-	-	555
	1,523,285	1,563,485	1,049,989	688,405	3,347,448	2,840,063	520,646	11,533,321
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE AMORTIZATION AND OTHER								
	4,335,545	(1,138,920)	(956,993)	(332,837)	(882,724)	429,628	(223,761)	1,229,938
Contributed assets	-	-	-	1,713,919	20,648	-	-	1,734,567
Capital government transfers	-	24,584	922,824	-	-	5,490	-	952,898
Offsite levies and other	-	-	136,379	-	-	134,456	-	270,835
Amortization expense	(165,932)	(165,728)	(1,382,484)	(3,576)	(286,076)	(320,332)	-	(2,324,128)
NET REVENUE	4,169,613	(1,280,064)	(1,280,274)	1,377,506	(1,148,152)	249,242	(223,761)	1,864,110

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting entity

The financial statements reflect the assets, liabilities, revenue and expenses, and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town for the administration of their financial affairs and resources. Included with the Town are the following:

- Town of Carstairs Fire Department

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

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

b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation, or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed or goods have yet to be provided.

Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

c) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses 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.

The areas which requires management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Allowance for doubtful accounts;
- Asset retirement obligations;
- Employee benefit obligations;
- Useful life of tangible capital assets;
- Accrued liabilities; and
- Fair value of contributed tangible capital assets

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

d) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on deposits with financial institutions and highly liquid investments.

e) Valuation of financial assets and liabilities

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

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Temporary investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Long-term debt	Amortized cost

f) Long-term debt

Long-term debt is initially recognized net of any premiums, discounts, fees, and transaction costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

g) Requisition over-levy and under-levy

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

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

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

h) Inventories for resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges.

Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

Proceeds from sales of land held for resale are recorded as revenue in the period in which the events giving rise to the transfer occurred, providing the transfers are authorized, the eligibility criteria have been met and reasonable estimates of the amounts can be made.

i) Revenue recognition

Revenue from transactions with no performance obligations are recognized at realizable value when the Town has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset. Revenue from transactions with performance obligations are recognized as the performance obligations are satisfied by providing the promised goods or services to the payor.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

i) Revenue recognition (continued from previous page)

i) Tax revenue

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

ii) Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

The Town recognizes a government transfer as revenue when the event giving rise to the transfer occurs, the transfer is authorized, all eligibility criteria, if any, have been met, and reasonable estimates of the amounts can be determined. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recorded as a liability. In such circumstances, the Town recognizes revenue as a liability until settled.

iii) Other revenue

User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance. Those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied. The Town accounts for all other revenue in the period in which the transactions or events giving rise to the revenue occurred and collectibility is reasonably assured.

j) Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over the extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with the use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Town reviews the carrying amount of the liability. The Town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued from previous page)*

k) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when the Town is directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance, and monitoring.

It is management's assessment that no contaminated sites exist for the Town.

l) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the 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 attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Land improvements	10-25
Buildings	25-50
Engineering structures	
Water system	45-75
Wastewater system	45-75
Other engineered structures	10-75
Machinery and equipment	5-40
Vehicles	10-25

In the year of acquisition of a tangible capital asset, annual amortization is charged based on the number of months owned. Assets under construction are not amortized until the asset is available for productive use. Acquisition of used assets are amortized over the above years less the age of the existing asset.

ii) Contributions of tangible capital assets

Tangible capital assets received as contributions such as privately developed subdivisions including water systems, sanitary systems, storm systems, and roads are recorded at fair value at the date of receipt. Equivalent amounts are recorded as revenue for the year on the Statement of Operations.

iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

v) Prepaid expenses

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

Town of Carstairs
Notes to the Financial Statements
For the year ended December 31, 2024

2. CASH AND TEMPORARY INVESTMENTS

	2024	2023
Cash	5,546,561	3,328,565
Temporary investments	3,033,709	2,443,368
	8,580,270	5,771,933

Temporary investments consists of two Guaranteed Investment Certificates, maturing June 23 and June 25, 2025 and earning interest at 3.25% and 5.15% respectively (2023 - two Guaranteed Investment Certificates, matured January 8 and January 12, 2024 and earned interest at 5.1% and 5.4% respectively).

Included in cash and temporary investments are restricted amounts aggregating \$1,374,452 (2023 - \$391,592) to be used for specific capital and other projects, as disclosed in deferred revenue (Note 6).

The Town has negotiated an overdraft with BMO in the amount of \$1,000,000 (2023 - \$1,000,000) that bears interest at the bank prime rate plus 0% per annum. A balance of \$nil (2023 - \$nil) was outstanding at year end.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2024	2023
Current taxes and grants in place of taxes	148,882	115,144
Arrears	25,008	60,654
	173,890	175,798

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade accounts payable	717,917	864,081
Salaries and wages payable	110,252	1,535
Holdbacks payable	2,852	-
Staff fund	2,646	2,646
Raincheck Liability - Golf Course	1,749	1,695
Gift certificates payable	24,581	15,682
	859,997	885,639

5. DEPOSIT LIABILITIES

The Town maintains utility and rental deposits of \$26,150 (2023 - \$24,950).

Town of Carstairs
Notes to the Financial Statements
For the year ended December 31, 2024

6. DEFERRED REVENUE

	2024	2023
Alberta Water Wastewater Partnership	886,110	244,510
Donations - Carstairs Nature Space	32,722	122,059
Canada Community - Building Fund	298,192	-
Local Government Fiscal Framework Program	58,908	-
Donations - Skateboard Park	8,378	9,428
Donations and unearned revenue	30,696	15,595
Alberta Indigenous/Municipal Police Transition Study Grant	59,446	-
	1,374,452	391,592

Alberta Water Wastewater Partnership

Funding was received from the Provincial government to help build municipal facilities for water supply and treatment, and wastewater treatment and disposal.

Donations - Carstairs Nature Space

Donations have been received by the Town, of which a portion has been spent for the establishment of a nature space within the Town.

Canada Community - Building Fund

Funding was received from the Government of Canada as represented by the Minister of Housing, Infrastructure and Communities for Local Governments in Alberta to help communities build and revitalize their public infrastructure that supports national objectives of productivity and economic growth, a clean environment and strong communities.

Local Government Fiscal Framework Program

Funding was received from the Government of Alberta represented by the Minister of Municipal Affairs to assist local governments in delivering municipal services to Albertans.

Donations - Skateboard Park

Donations have been received by the Town, which have not yet been spent, to fund the maintenance or upgrade of a skateboard park in the community.

Donations and unearned revenue

Certain contributions and fees were received by the Town, which have not yet been earned or are restricted for use in certain projects within the Town, which have not yet been expended.

Alberta Indigenous/Municipal Police Transition Study Grant

Funding was received from the Government as represented by the Minister of Public Safety and Emergency Services to assist with developing a comprehensive written business case on the feasibility of a stand-alone police service or regional equivalent to support public safety for the community.

Town of Carstairs
Notes to the Financial Statements
For the year ended December 31, 2024

7. EMPLOYEE BENEFITS OBLIGATIONS

	2024	2023
Vacation pay payable	59,711	58,723
Vested sick leave payable	226,002	220,389
	285,713	279,112

Vacation pay payable:

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

Vested sick leave payable:

The vested sick leave liability is comprised of paid sick days that employees have not used and are being deferred to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

8. ASSET RETIREMENT OBLIGATION

Alberta Environment law requires post-closure care of landfill sites, which includes ongoing environmental monitoring, site inspections, and maintenance. The liability was from a closure of a landfill within the Town in 2002 and is being amortized over a 25 year period, or until a time when the Government of Alberta provides formal documentation of the site no longer requiring further environmental monitoring. The basis for the estimate of the liability was from third party environment site assessments conducted at the time of closure. The estimated liability upon adoption of the asset retirement obligation is based on an annual inflation rate of 1%. The Town has not designated assets for settling post-closure liabilities.

	2024	2023
Balance, beginning of year	69,716	84,671
Liabilities settled	(15,893)	(14,955)
Accrued liability portion	53,823	69,716

Town of Carstairs
Notes to the Financial Statements
For the year ended December 31, 2024

9. LONG-TERM DEBT

	2024	2023
Tax supported debentures	1,357,384	1,455,946
Tax supported loans	1,228,026	1,486,860
	2,585,410	2,942,806

The current portion of the long-term debt amounts to \$513,989 (2023 - \$758,127).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2025	513,989	105,372	619,361
2026	447,596	73,207	520,803
2027	329,216	47,619	376,835
2028	275,978	41,516	317,494
2029	159,360	25,063	184,423
Thereafter	859,271	69,703	928,974
	2,585,410	362,480	2,947,890

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at a rate of 2.090% (2023 two debentures at 2.090% and 4.565%) per annum, and matures in 2036 (2023 - 2023 and 2036). The average annual interest rate is 2.090% (2023 - 3.328%).

Tax supported loans are Bank of Montreal loans that bear interest at bank prime plus zero percent. The prime rate as at December 31, 2024 was 5.45% (2023 - 7.20%).

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

The Town of Carstairs' total cash payments for interest on long-term debt is \$120,093 (2023 - \$157,198).

10. 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 Carstairs be disclosed as follows:

	2024	2023
Total debt limit	20,305,631	19,129,889
Total debt (Note 9)	(2,585,410)	(2,942,806)
Amount of debt limit remaining	17,720,221	16,187,083
Debt servicing limit	3,384,272	3,188,315
Debt servicing	(619,361)	(1,131,123)
Service on debt limit remaining	2,764,911	2,057,192

The debt limit is calculated at 1.5 times revenue of the Town excluding transfers from the governments of Alberta and Canada for the purposes of capital property (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 which could be at a 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.

Town of Carstairs
Notes to the Financial Statements
For the year ended December 31, 2024

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2024	2023
Tangible capital assets (Schedule II)	92,216,916	89,808,385
Accumulated amortization (Schedule II)	(35,281,170)	(32,968,821)
Asset retirement obligation (Note 8)	(53,823)	(69,716)
Long-term debt (Note 9)	(2,585,410)	(2,942,806)
	54,296,513	53,827,042

12. ACCUMULATED OPERATING SURPLUS

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

	2024	2023
Unrestricted surplus	1,100,926	1,098,219
Internally restricted surplus:		
Operating		
Policing	159,690	150,009
Administration	-	-
Cemetery	62,423	54,172
Community services	4,755	3,000
Capital		
Water offsite levies	577,198	517,522
Wastewater offsite levies	895,370	621,643
Storm sewers and drainage offsite levies	525,385	433,543
Fire	27,868	193,515
Transportation	844,992	752,549
Water	767,561	450,010
Wastewater	697,181	147,427
Waste management	30,912	15,018
Cemetery	148,575	128,575
Recreation	3,877	3,877
Stone garden maintenance	10,000	10,000
General capital contingency	1,289,154	900,247
	6,044,941	4,381,107
Equity in tangible capital assets (Note 11)	54,296,513	53,827,042
	61,442,380	59,306,368

Town of Carstairs
Notes to the Financial Statements
For the year ended December 31, 2024

13. SEGMENTED DISCLOSURE

The Town of Carstairs provides a range of services to its ratepayers. For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule VI).

- General government includes council and other legislative, and general administration.
- Protective services includes fire, disaster and emergency measures, and bylaw enforcement.
- Transportation includes common and equipment pool, roads, streets, walks, and lighting, and storm sewers and drainage.
- Planning and development includes land use planning, zoning and subdivision land and development.
- Recreation and culture includes parks and recreation, libraries, museums and halls.
- Environmental services includes water supply and distribution, wastewater treatment and disposal, and waste management.
- Community services includes family and community support and other public health and welfare.

14. 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:

	Salary ¹	Benefits & allowances ²	2024	2023
Mayor L. Colby	28,212	-	28,212	28,212
Councillors:				
Councillor Allan	24,545	1,252	25,797	25,797
Councillor Ball	21,724	1,084	22,808	22,808
Councillor Fricke	21,724	1,084	22,808	22,808
Councillor Ratz	21,724	1,084	22,808	22,808
Councillor Roberts	21,724	-	21,724	22,085
Councillor Wilcox	21,724	1,084	22,808	21,831
Chief Administrative Officer (1 individual)	195,387	7,842	203,229	196,097
Town Assessor (3)	55,736	-	55,736	54,934

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, mileage allowances and any other direct cash remuneration.
2. Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.
3. The Town has entered into an agreement for assessor services with an independent contractor.

15. 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 Public Sector Pension Plans Act. LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due. The Town is required to make current service contributions to LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% on pensionable earnings above this amount.

Total current service contributions by the Town to LAPP in 2024 were \$271,473 (2023 - \$269,884). Total current service contributions by the employees of the Town to LAPP in 2024 were \$240,993 (2023 - \$239,615).

At December 31, 2023, LAPP disclosed an actuarial surplus of \$15.07 billion (2022 - \$12.67 billion). This amount is not specifically allocated to the participating government organizations. The 2024 actuarial balance was not available at the date these financial statements were released.

16. CONTINGENCIES

The Town is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of the membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The Town is a 16.66% equity member of The Mountain View Regional Water Services Commission which was constituted under the Municipal Government Act in 1992.

The Town is an 11% equity member of The Mountain View Regional Waste Management Commission which was constituted under the Municipal Government Act in 2001.

The Town Council has a representative as a Board member on the Mountain View Seniors Housing Commission which was established under the Alberta Housing Act in 1995.

As part of the Town's operations, they could become liable for any requisitions for shortfalls issued by the Mountain View Regional Water Services Commission, the Mountain View Regional Waste Management Commission, and the Mountain View Seniors Housing Commission.

17. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, 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 rate or currency risks arising from these financial instruments except as otherwise disclosed. Tax receivables and requisition over/under-levy are compulsory in nature, rather than contractual, however, the Town manages risk exposure on these items similar to other receivables and payables.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number of diversity of taxpayers and customers minimizes the credit risk.

The Town is subject to interest rate risk with respect to tax supported loans which bear interest at the prime interest rate. As prime is subject to change as determined by the Bank of Canada, this increases the Town's risk of the effects of rate changes over time. Interest rate risk is the probability of a decline in the value of an asset resulting from unexpected fluctuations in interest rates.

18. APPROVAL OF FINANCIAL STATEMENTS

Council and management have approved these financial statements.