

TOWN OF SPIRIT RIVER
Consolidated Financial Statements
For the Year Ended December 31, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Members of Council of Town of Spirit River

The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of management.

The consolidated financial statements are prepared by management in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of consolidated financial statements.

JDP Wasserman LLP have been appointed by the Members of Council of Town of Spirit River to express an opinion on the consolidated financial statements.



Steve Jack
Chief Administrative Officer

Spirit River, AB
July 9, 2025

INDEPENDENT AUDITORS' REPORT

To the Members of Council of Town of Spirit River

Opinion

We have audited the consolidated financial statements of Town of Spirit River (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2024, and the results of its operations, changes in net financial assets and 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with ethical requirements that are relevant to our audit of 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 Consolidated 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 Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (Members of Council) are responsible for overseeing the Town's financial reporting process.

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Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 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 auditors' 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 auditors' 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 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.

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.

Edmonton, Alberta
July 9, 2025



**JDP Wasserman
LLP**
Chartered Professional Accountants

TOWN OF SPIRIT RIVER
Consolidated Statement of Financial Position
As at December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 3,767,045	\$ 5,745,769
Accounts receivable <i>(Note 3)</i>	1,430,213	1,118,442
Land held for resale	395,839	395,839
Other inventory held for resale	33,230	32,676
Investments <i>(Note 4)</i>	1,986,014	630,902
	<u>7,612,341</u>	<u>7,923,628</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 5)</i>	451,177	332,089
Deposit liabilities	43,730	44,490
Deferred revenue <i>(Note 6)</i>	780,498	1,093,474
Long-term debt <i>(Note 7)</i>	554,018	616,981
	<u>1,829,423</u>	<u>2,087,034</u>
NET FINANCIAL ASSETS	<u>5,782,918</u>	<u>5,836,594</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	129,420	121,059
Tangible capital assets <i>(Schedule 1)</i>	22,435,836	21,786,648
	<u>22,565,256</u>	<u>21,907,707</u>
ACCUMULATED SURPLUS <i>(Note 9)</i>	<u>\$ 28,348,174</u>	<u>\$ 27,744,301</u>

CONTINGENCY *(Note 16)*

ON BEHALF OF COUNCIL:


 _____ Mayor

 _____ Councillor

TOWN OF SPIRIT RIVER
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2024

	2024 (Budget) (Note 13)	2024 (Actual)	2023 (Actual)
REVENUES			
Net municipal property taxes (Schedule 3)	\$ 1,165,603	\$ 1,154,748	\$ 1,157,847
User fees and sales of goods	880,300	1,043,724	976,498
Government transfers for operating (Schedule 4)	930,828	939,690	681,328
Investment income	118,000	267,308	264,254
Franchise and concession contracts (Note 11)	160,000	163,762	165,710
Other revenues	13,000	65,022	23,634
Rentals	31,701	63,411	31,109
Penalties and costs on taxes	80,000	56,901	86,175
Licenses and permits	5,850	6,701	5,361
Fines	100	301	203
	3,385,382	3,761,568	3,392,119
EXPENSES			
Roads, streets, walks, lighting	715,720	1,043,989	965,571
General administration	726,000	801,263	665,973
Water supply and distribution	485,950	693,178	577,080
Parks and recreation	328,797	486,736	372,231
Wastewater treatment and disposal	70,500	242,453	251,398
Fire fighting and protective services	228,809	222,988	211,972
Waste management	153,600	154,313	144,928
Culture	129,900	112,059	168,499
Council and legislative	104,950	93,129	83,593
Airport	36,500	63,258	51,220
Family and community support services	22,300	40,886	31,935
Subdivision land and development	25,000	36,061	15,942
Other public health and welfare	28,100	35,352	45,396
Land use planning, zoning and development	27,000	33,505	1,762
Bylaw enforcement	15,200	15,123	13,303
Disaster and emergency services	14,000	13,427	13,546
Cemetery	9,200	3,714	8,852
	3,121,526	4,091,434	3,623,201
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	263,856	(329,866)	(231,082)
OTHER REVENUES (EXPENSES)			
Government transfers for capital (Schedule 4)	1,085,464	933,739	579,484
Other contributions for capital	-	-	7,787
	1,085,464	933,739	587,271
ANNUAL SURPLUS	1,349,320	603,873	356,189
ACCUMULATED SURPLUS - TO BEGIN YEAR	27,744,301	27,744,301	27,388,112
ACCUMULATED SURPLUS - END OF YEAR	\$ 29,093,621	\$ 28,348,174	\$ 27,744,301

The accompanying notes form an integral part of these consolidated financial statements.
JDP Wasserman LLP /// Chartered Professional Accountants

TOWN OF SPIRIT RIVER
Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2024

	2024 (Budget) (Note 13)	2024 (Actual)	2023 (Actual)
ANNUAL SURPLUS	\$ 1,349,320	\$ 603,873	\$ 356,189
Amortization of tangible capital assets	-	890,148	860,872
Purchase of tangible capital assets	(2,081,531)	(1,539,336)	(1,388,315)
Use of prepaid expenses	-	(8,361)	(19,238)
	(2,081,531)	(657,549)	(546,681)
DECREASE IN NET FINANCIAL ASSETS	(732,211)	(53,676)	(190,492)
NET FINANCIAL ASSETS - BEGINNING OF YEAR	5,836,594	5,836,594	6,027,086
NET FINANCIAL ASSETS - END OF YEAR	\$ 5,104,383	\$ 5,782,918	\$ 5,836,594

TOWN OF SPIRIT RIVER
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Annual surplus	\$ 603,873	\$ 356,189
Item not affecting cash and cash equivalents:		
Amortization of tangible capital assets	<u>890,148</u>	<u>860,872</u>
	<u>1,494,021</u>	<u>1,217,061</u>
Changes in non-cash working capital:		
Accounts receivable	(311,771)	2,168,975
Other inventory held for resale	(554)	4,140
Accounts payable and accrued liabilities	119,088	(654,765)
Deposit liabilities	(760)	(1,400)
Deferred revenue	(312,976)	(326,940)
Prepaid expenses	<u>(8,361)</u>	<u>(19,238)</u>
	<u>(515,334)</u>	<u>1,170,772</u>
Cash flow from operating activities	<u>978,687</u>	<u>2,387,833</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(1,539,336)	(1,388,315)
Net change in investments	<u>(1,355,112)</u>	<u>1,501,520</u>
Cash flow from (used by) investing activities	<u>(2,894,448)</u>	<u>113,205</u>
FINANCING ACTIVITY		
Repayment of long-term debt	<u>(62,963)</u>	<u>(60,569)</u>
Cash flow used by financing activity	<u>(62,963)</u>	<u>(60,569)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>(1,978,724)</u>	<u>2,440,469</u>
Cash and cash equivalents - beginning of year	<u>5,745,769</u>	<u>3,305,300</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,767,045</u>	<u>\$ 5,745,769</u>

TOWN OF SPIRIT RIVER
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2024

(Schedule 1)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2024	2023
COST								
BALANCE, BEGINNING OF YEAR	\$ 437,860	\$ -	\$ 10,131,480	\$ 26,204,832	\$ 1,971,978	\$ 207,633	\$ 38,953,783	\$ 37,565,468
Purchase of tangible capital assets	-	-	24,698	1,042,214	432,020	40,404	1,539,336	1,388,315
BALANCE, END OF YEAR	<u>\$ 437,860</u>	<u>\$ -</u>	<u>\$ 10,156,178</u>	<u>\$ 27,247,046</u>	<u>\$ 2,403,998</u>	<u>\$ 248,037</u>	<u>\$ 40,493,119</u>	<u>\$ 38,953,783</u>
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	\$ -	\$ -	\$ 3,588,087	\$ 12,036,745	\$ 1,367,991	\$ 174,312	\$ 17,167,135	\$ 16,306,263
Amortization of tangible capital assets	-	-	168,632	625,403	82,932	13,181	890,148	860,872
BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,756,719</u>	<u>\$ 12,662,148</u>	<u>\$ 1,450,923</u>	<u>\$ 187,493</u>	<u>\$ 18,057,283</u>	<u>\$ 17,167,135</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 437,860</u>	<u>\$ -</u>	<u>\$ 6,399,459</u>	<u>\$ 14,584,898</u>	<u>\$ 953,075</u>	<u>\$ 60,544</u>	<u>\$ 22,435,836</u>	<u>\$ 21,786,648</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, 2023	<u>\$ 437,860</u>	<u>\$ -</u>	<u>\$ 6,543,393</u>	<u>\$ 14,168,087</u>	<u>\$ 603,987</u>	<u>\$ 33,321</u>		<u>\$ 21,786,648</u>

Included in the net book value of tangible capital assets is work-in-progress of \$Nil (2023 - \$Nil).

TOWN OF SPIRIT RIVER
Schedule of Equity in Tangible Capital Assets **(Schedule 2)**
For the Year Ended December 31, 2024

	2024	2023
BALANCE, BEGINNING OF YEAR	\$ 21,638,666	\$ 21,097,059
Purchase of tangible capital assets	1,539,336	1,388,315
Amortization of tangible capital assets	(890,148)	(860,872)
Repayment of long-term debt	62,963	60,569
Change in non-capital long-term debt <i>(Note 7)</i>	(48,378)	(46,405)
BALANCE, END OF YEAR	\$ 22,302,439	\$ 21,638,666
Equity in tangible capital assets is comprised of:		
Net book value of tangible capital assets <i>(Schedule 1)</i>	\$ 22,435,836	\$ 21,786,648
Capital portion of long-term debt <i>(Note 7)</i>	(133,397)	(147,982)
	\$ 22,302,439	\$ 21,638,666

TOWN OF SPIRIT RIVER
Schedule of Property Taxes
For the Year Ended December 31, 2024

(Schedule 3)

	2024 (Budget) (Note 13)	2024 (Actual)	2023 (Actual)
TAXATION			
Real property taxes	\$ 1,299,707	\$ 1,296,362	\$ 1,275,245
Designated industrial property taxes	52,372	52,372	72,583
Recreational services special tax	29,000	28,900	28,900
Local improvement taxes	35,000	17,709	22,690
Government grants in lieu of property taxes	9,414	9,414	15,022
	<u>\$ 1,425,493</u>	<u>\$ 1,404,757</u>	<u>\$ 1,414,440</u>
Alberta School Foundation Fund	\$ 251,754	\$ 241,873	\$ 251,755
Grande Spirit Foundation	8,136	8,136	4,838
	<u>\$ 259,890</u>	<u>\$ 250,009</u>	<u>\$ 256,593</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 1,165,603</u>	<u>\$ 1,154,748</u>	<u>\$ 1,157,847</u>

TOWN OF SPIRIT RIVER
Schedule of Government Transfers
For the Year Ended December 31, 2024

(Schedule 4)

	2024 (Budget) (Note 13)	2024 (Actual)	2023 (Actual)
TRANSFERS FOR OPERATING			
Local government	\$ 785,000	\$ 803,862	\$ 535,000
Provincial government	135,828	135,828	135,828
Federal government	10,000	-	10,500
	<u>\$ 930,828</u>	<u>\$ 939,690</u>	<u>\$ 681,328</u>
TRANSFERS FOR CAPITAL			
Provincial government	\$ 1,085,464	\$ 933,739	\$ 579,484
TOTAL GOVERNMENT TRANSFERS	<u>\$ 2,016,292</u>	<u>\$ 1,873,429</u>	<u>\$ 1,260,812</u>

TOWN OF SPIRIT RIVER
Schedule of Expenses by Object
For the Year Ended December 31, 2024

(Schedule 5)

	2024 (Budget) (Note 13)	2024 (Actual)	2023 (Actual)
Contracted and general services	\$ 920,070	\$ 1,081,181	\$ 773,379
Salaries, wages and benefits	1,072,870	1,061,151	1,031,632
Amortization of tangible capital assets	-	890,148	860,872
Materials, goods and utilities	839,436	793,818	640,896
Purchases from other governments	185,500	180,914	181,398
Transfers to individuals and organizations	43,400	39,600	43,100
Interest on long-term debt	39,000	22,676	25,099
Transfers to local boards and agencies	10,500	10,500	10,500
Transfers to other governments	8,400	8,479	8,388
Bank charges and short-term interest	2,350	2,967	2,414
Provision for allowances	-	-	45,523
	\$ 3,121,526	\$ 4,091,434	\$ 3,623,201

TOWN OF SPIRIT RIVER
Schedule of Segmented Disclosure
For the Year Ended December 31, 2024

(Schedule 6)

	General government	Protective services	Transportation services	Environmental services	Health and welfare	Planning and development	Recreation and culture	2024
REVENUES								
Net municipal property taxes	\$ -	\$ 229,844	\$ 606,475	\$ 7,679	\$ 18,120	\$ 41,202	\$ 251,428	\$ 1,154,748
User fees and sales of goods	3,422	-	-	852,690	1,400	26,641	159,571	1,043,724
Government transfers for operating	795,214	20,123	16,362	80,491	-	-	27,500	939,690
Investment income	267,308	-	-	-	-	-	-	267,308
Franchise and concession contracts	163,762	-	-	-	-	-	-	163,762
Other revenues	6,227	-	5,571	26,514	24,610	600	1,500	65,022
Rentals	6,501	-	23,000	-	14,400	-	19,510	63,411
Penalties and costs on taxes	56,901	-	-	-	-	-	-	56,901
Licenses and permits	4,007	1,571	-	-	-	1,123	-	6,701
Fines	301	-	-	-	-	-	-	301
	\$ 1,303,643	\$ 251,538	\$ 651,408	\$ 967,374	\$ 58,530	\$ 69,566	\$ 459,509	\$ 3,761,568
EXPENSES								
Contracted and general services	\$ 384,624	\$ 19,428	\$ 209,049	\$ 347,615	\$ 9,872	\$ 55,240	\$ 55,353	\$ 1,081,181
Salaries, wages and benefits	456,790	-	269,683	166,423	3,714	-	164,541	1,061,151
Materials, goods and utilities	38,659	51,196	265,834	212,149	36,465	-	189,515	793,818
Purchases from other governments	-	180,914	-	-	-	-	-	180,914
Transfer to individuals & organizations	-	-	-	-	-	-	39,600	39,600
Interest on long-term debt	-	-	-	8,350	-	14,326	-	22,676
Transfers to local boards and agencies	-	-	-	-	-	-	10,500	10,500
Transfers to other governments	-	-	-	-	8,479	-	-	8,479
Bank charges and short-term interest	2,967	-	-	-	-	-	-	2,967
	883,040	251,538	744,566	734,537	58,530	69,566	459,509	3,201,286
NET REVENUE BEFORE AMORTIZATION OF TANGIBLE CAPITAL ASSETS	\$ 420,603	\$ -	\$ (93,158)	\$ 232,837	\$ -	\$ -	\$ -	\$ 560,282
Amortization of tangible capital assets	\$ 11,353	\$ -	\$ 362,680	\$ 355,408	\$ 21,421	\$ -	\$ 139,286	\$ 890,148
NET REVENUE (DEFICIT)	\$ 409,250	\$ -	\$ (455,838)	\$ (122,571)	\$ (21,421)	\$ -	\$ (139,286)	\$ (329,866)

The accompanying notes form an integral part of these consolidated financial statements.
JDP Wasserman LLP /// Chartered Professional Accountants

TOWN OF SPIRIT RIVER
Schedule of Segmented Disclosure
For the Year Ended December 31, 2023

(Schedule 7)

	General government	Protective services	Transportation services	Environmental services	Health and welfare	Planning and development	Recreation and culture	2023
REVENUES								
Net municipal property taxes	\$ -	\$ 217,888	\$ 514,119	\$ 10,555	\$ 56,746	\$ -	\$ 358,539	\$ 1,157,847
User fees and sales of goods	11,458	-	-	805,257	1,300	23,866	134,617	976,498
Government transfers for operating	535,214	20,123	15,000	80,491	-	-	30,500	681,328
Investment income	264,254	-	-	-	-	-	-	264,254
Franchise and concession contracts	165,710	-	-	-	-	-	-	165,710
Penalties and costs on taxes	86,175	-	-	-	-	-	-	86,175
Rentals	1	-	2,000	-	13,200	-	15,908	31,109
Other revenues	944	-	2,250	4,277	14,936	60	1,167	23,634
Licenses and permits	3,665	810	-	-	-	886	-	5,361
Fines	203	-	-	-	-	-	-	203
	<u>\$ 1,067,624</u>	<u>\$ 238,821</u>	<u>\$ 533,369</u>	<u>\$ 900,580</u>	<u>\$ 86,182</u>	<u>\$ 24,812</u>	<u>\$ 540,731</u>	<u>\$ 3,392,119</u>
EXPENSES								
Salaries, wages and benefits	\$ 346,954	\$ -	\$ 358,989	\$ 160,743	\$ 8,822	\$ -	\$ 156,124	\$ 1,031,632
Contracted and general services	303,967	18,303	98,209	282,965	20,766	1,812	47,357	773,379
Materials, goods and utilities	44,158	35,620	190,337	195,838	26,780	-	148,163	640,896
Purchases from other governments	-	181,398	-	-	-	-	-	181,398
Provision for allowances	45,523	-	-	-	-	-	-	45,523
Transfer to individuals & organizations	-	3,500	-	-	-	-	39,600	43,100
Interest on long-term debt	-	-	-	9,207	-	15,892	-	25,099
Transfers to local boards and agencies	-	-	-	-	-	-	10,500	10,500
Transfers to other governments	-	-	-	-	8,388	-	-	8,388
Bank charges and short-term interest	2,414	-	-	-	-	-	-	2,414
	<u>743,016</u>	<u>238,821</u>	<u>647,535</u>	<u>648,753</u>	<u>64,756</u>	<u>17,704</u>	<u>401,744</u>	<u>2,762,329</u>
NET REVENUE (DEFICIT) BEFORE AMORTIZATION OF TANGIBLE CAPITAL ASSETS								
	<u>\$ 324,608</u>	<u>\$ -</u>	<u>\$ (114,166)</u>	<u>\$ 251,827</u>	<u>\$ 21,426</u>	<u>\$ 7,108</u>	<u>\$ 138,987</u>	<u>\$ 629,790</u>
Amortization of tangible capital assets	<u>\$ 6,550</u>	<u>\$ -</u>	<u>\$ 369,256</u>	<u>\$ 324,653</u>	<u>\$ 21,426</u>	<u>\$ -</u>	<u>\$ 138,987</u>	<u>\$ 860,872</u>
NET REVENUE (DEFICIT)	<u>\$ 318,058</u>	<u>\$ -</u>	<u>\$ (483,422)</u>	<u>\$ (72,826)</u>	<u>\$ -</u>	<u>\$ 7,108</u>	<u>\$ -</u>	<u>\$ (231,082)</u>

The accompanying notes form an integral part of these consolidated financial statements.
JDP Wasserman LLP /// Chartered Professional Accountants

TOWN OF SPIRIT RIVER
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

1. ACCOUNTING POLICIES

The consolidated financial statements of Town of Spirit River (the "Town") are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, and cash flows of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Town and are, therefore, accountable to Town Council for the administration of their financial affairs and resources.

The schedule of property taxes also includes requisitions that are not part of the reporting entity.

The consolidated financial statements exclude trust assets that are administered for the benefit of external parties.

(b) Basis of Accounting

The Town follows the accrual basis of accounting. Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the Town has met any eligibility criteria, and reasonable estimates of the amounts can be made.

(c) Cash and Cash Equivalents

Cash and cash equivalents includes items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of 90 days or less at acquisition.

(d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written-down to recognize the loss. Gains on principal protected notes are recognized as income when sold.

(e) Land Held 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.

(continues)

TOWN OF SPIRIT RIVER
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

1. ACCOUNTING POLICIES (continued)

(f) 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 Statement of Changes in Net Financial Assets for the year (page 7).

(g) Inventories for Consumption

Inventories of materials and supplies for consumption are recorded at the lower of cost or net realizable value with cost determined using the average cost method.

(h) 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:

Buildings	50 years
Engineered structures:	
Water system	40 years
Wastewater system	40 years
Other	20 - 40 years
Machinery and equipment	10 - 20 years
Vehicles	10 - 25 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue. Tangible capital assets received or purchased as part of a restructuring transaction are recorded at carrying value at the date of receipt and also are recorded as revenue.

Tangible capital assets under construction are not amortized until the asset is substantially complete and available for productive use. Those tangible capital assets not meeting this criteria are categorized as work-in-progress as of year-end.

Works of art for display are not recorded as tangible capital assets but are disclosed.

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.

(i) Landfill Closure and Post-Closure Liability

Pursuant to the *Alberta Environmental Protection and Enhancement Act*, the Town is required to fund the closure of its landfill site and provide for post-closure costs of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is to be provided for over the estimated remaining useful life of the landfill site based on usage. Management is currently unable to estimate how many years to closure, nor how many years post-closure care could be required.

(continues)

TOWN OF SPIRIT RIVER
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

1. ACCOUNTING POLICIES *(continued)*

(j) Contaminated Sites

Contaminated sites are defined as a result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Town is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

(k) Tax Revenue

Property taxes are recognized as revenue in the year they are levied.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the Town and are recognized as revenue in the year in which the local improvement project is completed.

(l) Requisition Over-levies and Under-levies

Requisition 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. If 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.

(m) Use of Estimates

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The Town has used estimates to determine accrued liabilities, tangible capital asset useful lives and well as provisions made for allowances for amounts receivable or any provision for impairment.

(continues)

TOWN OF SPIRIT RIVER
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

1. ACCOUNTING POLICIES *(continued)*

(n) Asset Retirement

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

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

TOWN OF SPIRIT RIVER
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

2. CASH AND CASH EQUIVALENTS

	2024	2023
Bank account	\$ 3,757,538	\$ 5,737,109
Temporary investments	8,707	7,860
Petty cash	800	800
	\$ 3,767,045	\$ 5,745,769

Temporary investments include investment portfolio cash accounts and bonds which have a maturity of 90 days or less at acquisition.

3. ACCOUNTS RECEIVABLE

	2024	2023
Receivable from other governments	\$ 714,381	\$ 375,902
Local improvement tax	521,620	609,397
Taxes and grants in place of taxes	157,151	153,952
Utility accounts	68,318	66,380
Trade and other	16,513	20,037
Accrued interest	10,520	2,610
Goods and Services Tax recoverable	(58,290)	(109,836)
	\$ 1,430,213	\$ 1,118,442

4. INVESTMENTS

	2024 Market Value	2024 Cost	2023 Market Value	2023 Cost
Corporate bonds	\$ 1,003,185	\$ 996,834	\$ 225,394	\$ 226,192
Mutual funds	896,261	880,001	-	-
Federal bonds	100,597	99,890	142,307	151,478
UFA Co-op Ltd. shares	9,289	9,289	9,289	9,289
Provincial bonds	-	-	231,009	243,943
	\$ 2,009,332	\$ 1,986,014	\$ 607,999	\$ 630,902

Investments bear interest at rates ranging from 2.20% to 2.70% (2023 - 1.25% - 5.60%) per annum and mature at dates between February 2025 - February 2034 (2023 - June 2024 - December 2051).

TOWN OF SPIRIT RIVER
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade and other	\$ 372,998	\$ 239,554
Employee earned vacation and sick liability	68,334	47,681
Accrued interest on long-term debt	6,270	6,989
Landfill closure and post-closure liability	3,575	3,575
Construction holdbacks payable	-	34,290
	\$ 451,177	\$ 332,089

6. DEFERRED REVENUE

Deferred revenue represents unspent externally restricted funds that are related to expenses that will be incurred in a future period.

	2024	2023
Local Government Fiscal Framework	\$ 283,012	\$ -
Canada Community-Building Fund	211,044	208,418
Alberta Community Partnership	131,296	-
Other	100,954	104,363
Alberta Municipal Water / Wastewater Partnership	45,616	211,357
Northern and Regional Economic Development Program	8,576	-
Municipal Sustainability Initiative - Capital	-	569,336
	\$ 780,498	\$ 1,093,474

TOWN OF SPIRIT RIVER
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

7. LONG-TERM DEBT

	<u>2024</u>	<u>2023</u>
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$24,139 including interest at 4.779% maturing September 2031.	\$ 284,375	\$ 317,856
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$19,041 including interest at 2.947% maturing September 2032.	<u>269,643</u>	<u>299,125</u>
	<u>\$ 554,018</u>	<u>\$ 616,981</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 65,458	\$ 20,900	\$ 86,358
2026	68,057	18,301	86,358
2027	70,764	15,594	86,358
2028	73,586	12,772	86,358
2029	76,525	9,833	86,358
Thereafter	<u>199,628</u>	<u>29,473</u>	<u>229,101</u>
	<u>\$ 554,018</u>	<u>\$ 106,873</u>	<u>\$ 660,891</u>

Long-term debt includes a capital portion of \$133,397 (2023 - \$147,982) and an operating portion of \$420,621 (2023 - \$468,999).

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 Town be disclosed as follows:

	<u>2024</u>	<u>2023</u>
Total debt limit	\$ 5,642,352	\$ 5,088,179
Total debt	<u>(554,018)</u>	<u>(616,981)</u>
Total debt limit remaining	<u>\$ 5,088,334</u>	<u>\$ 4,471,198</u>
Service on debt limit	\$ 940,392	\$ 848,030
Service on debt	<u>(86,358)</u>	<u>(86,358)</u>
Total service on debt limit remaining	<u>\$ 854,034</u>	<u>\$ 761,672</u>

The debt limit is calculated at 1.5 times revenues of the Town (as defined by Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenues. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the stability of the Town. Rather, the consolidated financial statements must be interpreted as a whole.

TOWN OF SPIRIT RIVER
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

9. ACCUMULATED SURPLUS

	2024	2023
Unrestricted surplus	\$ 479,920	\$ 4,990,054
Restricted surplus		
Operating reserves (Note 10)	99,971	43,038
Capital reserves (Note 10)	5,465,844	1,072,543
Equity in tangible capital assets (Schedule 2)	22,302,439	21,638,666
	\$ 28,348,174	\$ 27,744,301

10. RESTRICTED SURPLUS

	2024	2023
Operating Reserves		
Tax rate stabilization	\$ 99,971	\$ 43,038
Capital Reserves		
Roads and infrastructure	\$ 2,700,000	\$ -
Water treatment plant / lagoon	1,004,156	304,156
Public works	981,864	721,655
Arena	400,000	-
Planning and subdivision	200,000	-
Pool	60,000	-
Curling rink	50,000	-
General administration	46,732	46,732
Parks / campground	23,092	-
	\$ 5,465,844	\$ 1,072,543

11. FRANCHISE AND CONCESSION CONTRACTS

Disclosure of franchise fees under each utility franchise agreement entered into by the Town as required by Alberta Regulation 313/2000 is as follows:

	2024 (Budget) (Note 13)	2024 (Actual)	2023 (Actual)
ATCO natural gas	\$ 94,400	\$ 96,620	\$ 100,302
ATCO electricity	65,600	67,142	65,408
	\$ 160,000	\$ 163,762	\$ 165,710

TOWN OF SPIRIT RIVER
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

12. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for Town officials, the Town Chief Administrative Officer and designated officers are required by Alberta Regulation 313/200 is as follows:

	Salary (1)	Benefits (2)	2024	2023
Mayor Yaremko	\$ 19,755	\$ 1,245	\$ 21,000	\$ 18,390
Councillors				
Stanich	10,360	423	10,783	7,738
Ezio	8,565	31	8,596	9,337
Meyer	7,455	400	7,855	7,953
Skoworodko	7,448	34	7,482	4,732
Thomas	6,160	331	6,491	7,596
Nicholson	6,105	187	6,292	3,842
Chief Administrative Officer				
Jack	141,276	17,291	158,567	136,135
	\$ 207,124	\$ 19,942	\$ 227,066	\$ 195,723

Northern Sunrise County is a Designated Officer as Town Assessor and via bylaw. Contracted services of \$21,467 (2023 - \$21,035) was paid for assessment services in the year.

(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 disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition. Benefits 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.

13. BUDGET FIGURES

	2024 (Budget)	2024 (Actual)
Annual surplus	\$ 1,349,320	\$ 603,873
Amortization of tangible capital assets	-	890,148
Acquisition of tangible capital assets	(2,081,531)	(1,539,336)
Repayment of long-term debt	-	(62,963)
Net transfers (to) from reserves:		(4,450,234)
Funding acquisition of tangible capital assets	996,067	-
Transfers to operating and contingency reserves	(158,570)	-
Transfers to capital reserves	(105,286)	-
Results of operations	\$ -	\$ (4,558,512)

The budget data presented in these consolidated financial statements is based on the operating and capital budgets approved by Town Council on May 21, 2024. The chart above reconciles the approved financial plan to the figures reported in these consolidated financial statements.

TOWN OF SPIRIT RIVER
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

14. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Town is not exposed to significant currency, other price risk or liquidity risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The Town is exposed to credit risk with respect to its accounts receivable. Credit risk arises from the possibility that customers, tax and rate-payers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers, tax and rate-payers minimizes the Town's credit risk.

The Town is exposed to interest rate risk with respect to its investments. Interest rate risk is the risk that the value of financial instruments might be adversely affected by a change in interest rates. The Town manages exposure through its normal operating and financing activities, and holding short-term investments that are approximately equal to any significant specific liabilities as they become due.

15. SEGMENTED INFORMATION

The Town provides a range of services to its citizens. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in *Note 1*. For additional information see the Schedules of Segmented Disclosure (*Schedule 6 & Schedule 7*).

16. CONTINGENCY

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

17. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by Town Council and management.
