

TOWN OF BON ACCORD
Financial Statements
For the Year Ended December 31, 2023

DRAFT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Members of Council of Town of Bon Accord

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

The 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 financial statements.

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

Jodi Brown
CAO/Town Manager

Bon Accord, AB
April 16, 2024

INDEPENDENT AUDITORS' REPORT

To the Members of Council of Town of Bon Accord

Opinion

We have audited the financial statements of Town of Bon Accord (the "Town"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2023, 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 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.

Other Matter

The financial statements of the Town for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those financial statements on April 4, 2023.

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 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 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 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 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 auditors' 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 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 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.

Edmonton, Alberta
April 16, 2024

Chartered Professional Accountants

TOWN OF BON ACCORD
Statement of Financial Position
As at December 31, 2023

	2023	2022 (Restated) (Note 17)
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 3,512,332	\$ 3,381,736
Accounts receivable (Note 3)	453,716	282,567
Land held for resale	114,498	114,498
	<u>4,080,546</u>	<u>3,778,801</u>
LIABILITIES		
Accounts payable and accrued liabilities	671,152	359,061
Deposit liabilities	103,713	92,378
Deferred revenue (Note 4)	103,674	151,208
Long-term debt (Note 5)	1,869,709	1,386,724
Asset retirement obligations (Note 7)	1,307,690	1,257,388
	<u>4,055,938</u>	<u>3,246,759</u>
NET FINANCIAL ASSETS	<u>24,608</u>	<u>532,042</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	33,309	16,515
Tangible capital assets (Schedule 1)	17,431,439	16,666,039
	<u>17,464,748</u>	<u>16,682,554</u>
ACCUMULATED SURPLUS (Note 8)	<u>\$ 17,489,356</u>	<u>\$ 17,214,596</u>
 CONTINGENCY (Note 15)		
CONTRACTUAL OBLIGATIONS (Note 16)		

ON BEHALF OF COUNCIL:

_____ Mayor

_____ Councillor

TOWN OF BON ACCORD
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2023

	2023 (Budget) (Note 12)	2023 (Actual)	2022 (Actual) (Restated) (Note 17)
REVENUES			
Net municipal property taxes (Schedule 3)	\$ 1,605,366	\$ 1,688,093	\$ 1,569,803
User fees and sales of goods	997,575	961,585	960,061
Government transfers for operating (Schedule 4)	422,235	496,894	424,073
Franchise and concession contracts (Note 10)	240,851	218,392	227,975
Investment income	20,000	209,872	75,319
Rentals	169,661	157,568	134,151
Penalties and costs on taxes	43,700	28,290	36,184
Fines	3,050	12,294	9,486
Licenses and permits	6,500	5,694	6,488
Other revenues	-	3,767	3,903
	3,508,938	3,782,449	3,447,443
EXPENSES			
General administration	527,175	698,519	619,460
Parks and recreation	619,606	633,537	547,396
Water supply and distribution	440,701	578,876	560,318
Roads, streets, walks, lighting	373,282	548,530	545,318
Wastewater treatment and disposal	299,732	372,719	368,263
Land use planning, zoning and development	156,897	210,694	222,216
Bylaw enforcement	130,045	126,765	97,727
Waste management	119,344	122,260	119,746
Council and legislative	117,466	111,471	105,036
Family and community support services	93,506	108,819	64,298
Economic development	110,042	92,587	91,399
Culture	57,361	62,522	54,766
Storm sewers and drainage	19,334	53,610	34,697
Fire fighting and protective services	35,980	37,275	34,993
Cemetery	10,583	9,089	11,768
Disaster and emergency services	16,244	7,939	16,054
	3,127,298	3,775,212	3,493,455
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	381,640	7,237	(46,012)
OTHER REVENUES (EXPENSES)			
Government transfers for capital (Schedule 4)	-	343,850	564,058
Other contributions for capital	-	12,800	140,650
Gain (loss) on disposal of tangible capital assets	-	(89,127)	-
	-	267,523	704,708
ANNUAL SURPLUS	381,640	274,760	658,696
ACCUMULATED SURPLUS - TO BEGIN YEAR	17,214,596	17,214,596	16,555,900
ACCUMULATED SURPLUS - END OF YEAR	\$ 17,596,236	\$ 17,489,356	\$ 17,214,596

TOWN OF BON ACCORD

Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2023

	2023 (Budget) (Note 12)	2023 (Actual)	2022 (Actual) (Restated) (Note 17)
ANNUAL SURPLUS	\$ 381,640	\$ 274,760	\$ 658,696
Amortization of tangible capital assets	-	725,442	681,997
Purchase of tangible capital assets	-	(1,582,969)	(769,181)
Proceeds on disposal of tangible capital assets	-	3,000	-
Loss (gain) on disposal of tangible capital assets	-	89,127	-
Use (acquisition) of prepaid expenses	-	(16,794)	(15,136)
	-	(782,194)	(102,320)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	381,640	(507,434)	556,376
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	532,042	532,042	(24,334)
NET FINANCIAL ASSETS - END OF YEAR	\$ 913,682	\$ 24,608	\$ 532,042

TOWN OF BON ACCORD
Statement of Cash Flows
For the Year Ended December 31, 2023

	2023	2022 (Restated) (Note 17)
OPERATING ACTIVITIES		
Annual surplus	\$ 274,760	\$ 658,696
Item not affecting cash and cash equivalents:		
Amortization of tangible capital assets	725,442	681,997
Gain on disposal of tangible capital assets	89,127	-
Asset retirement obligations accretion (Note 7)	50,296	48,361
	<u>1,139,625</u>	<u>1,389,054</u>
Changes in non-cash working capital:		
Accounts receivable	(171,149)	58,217
Land held for resale	-	28,000
Accounts payable and accrued liabilities	312,097	49,391
Deposit liabilities	11,335	18,145
Deferred revenue	(47,534)	92,220
Prepaid expenses	(16,794)	(15,137)
	<u>87,955</u>	<u>230,836</u>
Cash flow from operating activities	<u>1,227,580</u>	<u>1,619,890</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(1,582,969)	(769,181)
Proceeds on disposal of tangible capital assets	3,000	-
Cash flow used by investing activities	<u>(1,579,969)</u>	<u>(769,181)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(150,715)	(166,100)
Issuance of long-term debt	633,700	-
Cash flow from (used by) financing activities	<u>482,985</u>	<u>(166,100)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>130,596</u>	<u>684,609</u>
Cash and cash equivalents - beginning of year	<u>3,381,736</u>	<u>2,697,127</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,512,332</u>	<u>\$ 3,381,736</u>

TOWN OF BON ACCORD
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2023

(Schedule 1)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2023	2022
COST								
BALANCE, BEGINNING OF YEAR	\$ 175,611	\$ 991,409	\$ 2,528,112	\$ 22,964,807	\$ 1,550,142	\$ 498,512	\$ 28,708,593	\$ 27,939,412
Purchase of tangible capital assets	-	153,314	1,162,118	206,891	60,646	-	1,582,969	769,181
Disposal of tangible capital assets	-	-	(134,890)	-	(35,188)	-	(170,078)	-
BALANCE, END OF YEAR	\$ 175,611	\$ 1,144,723	\$ 3,555,340	\$ 23,171,698	\$ 1,575,600	\$ 498,512	\$ 30,121,484	\$ 28,708,593
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	\$ -	\$ 519,242	\$ 816,314	\$ 9,603,586	\$ 827,538	\$ 275,874	\$ 12,042,554	\$ 11,360,557
Amortization of tangible capital assets	-	58,869	112,115	435,287	86,380	32,791	725,442	681,997
Disposal of tangible capital assets	-	-	(42,763)	-	(35,188)	-	(77,951)	-
BALANCE, END OF YEAR	\$ -	\$ 578,111	\$ 885,666	\$ 10,038,873	\$ 878,730	\$ 308,665	\$ 12,690,045	\$ 12,042,554
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 175,611	\$ 566,612	\$ 2,669,674	\$ 13,132,825	\$ 696,870	\$ 189,847	\$ 17,431,439	\$ 16,666,039
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, 2022	\$ 175,611	\$ 472,167	\$ 1,711,798	\$ 13,361,221	\$ 722,604	\$ 222,638		\$ 16,666,039

Included in the net book value of tangible capital assets is work-in-progress of \$Nil (2022 - \$Nil).

TOWN OF BON ACCORD
Schedule of Equity in Tangible Capital Assets **(Schedule 2)**
For the Year Ended December 31, 2023

	2023	2022
BALANCE, BEGINNING OF YEAR	\$ 14,021,927	\$ 13,817,002
Purchase of tangible capital assets	1,582,969	769,181
Amortization of tangible capital assets	(725,442)	(681,997)
Repayment of capital long-term debt	150,715	166,100
Proceeds on issuance of capital long-term debt	(633,700)	-
Cost of tangible capital assets disposed of	(170,078)	-
Accumulated amortization of tangible capital assets disposed	77,951	-
Asset retirement obligations accretion <i>(Note 7)</i>	(50,302)	(48,359)
BALANCE, END OF YEAR	\$ 14,254,040	\$ 14,021,927
Equity in tangible capital assets is comprised of:		
Net book value of tangible capital assets <i>(Schedule 1)</i>	\$ 17,431,439	\$ 16,666,039
Capital portion of long-term debt <i>(Note 5)</i>	(1,869,709)	(1,386,724)
Asset retirement obligations <i>(Note 7)</i>	(1,307,690)	(1,257,388)
	\$ 14,254,040	\$ 14,021,927

TOWN OF BON ACCORD
Schedule of Property Taxes
For the Year Ended December 31, 2023

(Schedule 3)

	2023 (Budget) (Note 12)	2023 (Actual)	2022 (Actual)
TAXATION			
Real property taxes	\$ 2,029,237	\$ 2,094,521	\$ 1,972,759
REQUISITIONS			
Alberta School Foundation Fund	\$ 411,255	\$ 392,775	\$ 390,340
Homeland Housing	12,616	13,653	12,616
	\$ 423,871	\$ 406,428	\$ 402,956
NET MUNICIPAL PROPERTY TAXES	\$ 1,605,366	\$ 1,688,093	\$ 1,569,803

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TOWN OF BON ACCORD
Schedule of Government Transfers
For the Year Ended December 31, 2023

(Schedule 4)

	2023 (Budget) (Note 12)	2023 (Actual)	2022 (Actual)
TRANSFERS FOR OPERATING			
Local government	\$ 315,112	\$ 325,882	\$ 316,917
Provincial government	105,623	155,252	102,656
Federal government	1,500	15,760	4,500
	<u>\$ 422,235</u>	<u>\$ 496,894</u>	<u>\$ 424,073</u>
TRANSFERS FOR CAPITAL			
Provincial government	\$ -	\$ 343,850	\$ 564,058
TOTAL GOVERNMENT TRANSFERS	<u>\$ 422,235</u>	<u>\$ 840,744</u>	<u>\$ 988,131</u>

TOWN OF BON ACCORD
Schedule of Expenses by Object
For the Year Ended December 31, 2023

(Schedule 5)

	2023 (Budget) (Note 12)	2023 (Actual)	2022 (Actual)
Salaries, wages and benefits	\$ 1,406,337	\$ 1,283,888	\$ 1,246,697
Contracted and general services	1,002,277	1,043,152	877,348
Amortization of tangible capital assets	-	725,442	681,997
Materials, goods and utilities	590,862	558,825	543,721
Interest on long-term debt	71,199	59,370	36,195
Transfers to local boards and agencies	51,978	51,099	51,214
Provision for allowances	1,000	50,287	48,361
Bank charges and short-term interest	3,645	3,149	7,922
	<u>\$ 3,127,298</u>	<u>\$ 3,775,212</u>	<u>\$ 3,493,455</u>

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TOWN OF BON ACCORD
Schedule of Segmented Disclosure
For the Year Ended December 31, 2023

(Schedule 6)

	General government	Protective services	Transportation services	Environmental services	Health and welfare	Planning and development	Recreation and culture	2023
REVENUES								
Net municipal property taxes	\$ 863,081	\$ 106,748	\$ 328,392	\$ -	\$ 48,247	\$ 246,597	\$ 95,028	\$ 1,688,093
User fees and sales of goods	11,560	-	-	921,293	20,488	6,050	2,194	961,585
Government transfers for operating	2,800	42,042	43,800	18,692	47,918	-	341,642	496,894
Franchise and concession contracts	218,392	-	-	-	-	-	-	218,392
Investment income	209,872	-	-	-	-	-	-	209,872
Rentals	-	10,531	-	-	-	-	147,037	157,568
Penalties and costs on taxes	21,758	-	-	6,532	-	-	-	28,290
Fines	-	12,294	-	-	-	-	-	12,294
Licenses and permits	-	-	-	-	-	5,694	-	5,694
Other revenues	25	-	-	-	1,000	-	2,742	3,767
	<u>\$ 1,327,488</u>	<u>\$ 171,615</u>	<u>\$ 372,192</u>	<u>\$ 946,517</u>	<u>\$ 117,653</u>	<u>\$ 258,341</u>	<u>\$ 588,643</u>	<u>\$ 3,782,449</u>
EXPENSES								
Salaries, wages and benefits	\$ 404,562	\$ 595	\$ 166,391	\$ 220,982	\$ 82,801	\$ 103,248	\$ 305,309	\$ 1,283,888
Contracted and general services	225,674	166,921	101,974	227,527	14,514	148,039	158,503	1,043,152
Materials, goods and utilities	20,598	4,099	101,786	359,873	19,588	5,694	47,187	558,825
Interest on long-term debt	680	-	2,041	27,609	-	1,360	27,680	59,370
Transfers to local boards and agencies	385	-	-	-	750	-	49,964	51,099
Provision for allowances	50,296	-	-	(9)	-	-	-	50,287
Bank charges and short-term interest	3,149	-	-	-	-	-	-	3,149
	<u>705,344</u>	<u>171,615</u>	<u>372,192</u>	<u>835,982</u>	<u>117,653</u>	<u>258,341</u>	<u>588,643</u>	<u>3,049,770</u>
NET REVENUE (DEFICIT) BEFORE AMORTIZATION OF TANGIBLE CAPITAL ASSETS	<u>\$ 622,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,535</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 732,679</u>
Amortization of tangible capital assets	<u>\$ 104,647</u>	<u>\$ 363</u>	<u>\$ 229,949</u>	<u>\$ 237,872</u>	<u>\$ 255</u>	<u>\$ 44,940</u>	<u>\$ 107,416</u>	<u>\$ 725,442</u>
NET REVENUE (DEFICIT)	<u>\$ 517,497</u>	<u>\$ (363)</u>	<u>\$ (229,949)</u>	<u>\$ (127,337)</u>	<u>\$ (255)</u>	<u>\$ (44,940)</u>	<u>\$ (107,416)</u>	<u>\$ 7,237</u>

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

TOWN OF BON ACCORD
Schedule of Segmented Disclosure
For the Year Ended December 31, 2022

(Schedule 7)

	General government	Protective services	Transportation services	Environmental services	Health and welfare	Planning and development	Recreation and culture	2022
REVENUES								
Net municipal property taxes	\$ 784,639	\$ 84,759	\$ 349,397	\$ -	\$ 15,512	\$ 256,238	\$ 79,258	\$ 1,569,803
User fees and sales of goods	32,954	-	200	903,269	16,785	5,950	903	960,061
Government transfers for operating	-	41,219	9,212	9,212	43,014	-	321,416	424,073
Franchise and concession contracts	227,975	-	-	-	-	-	-	227,975
Rentals	25	9,945	-	-	-	-	124,181	134,151
Investment income	75,319	-	-	-	-	-	-	75,319
Penalties and costs on taxes	29,244	-	-	6,940	-	-	-	36,184
Fines	-	9,486	-	-	-	-	-	9,486
Licenses and permits	-	-	-	-	-	6,488	-	6,488
Other revenues	400	3,003	-	-	500	-	-	3,903
	\$ 1,150,556	\$ 148,412	\$ 358,809	\$ 919,421	\$ 75,811	\$ 268,676	\$ 525,758	\$ 3,447,443
EXPENSES								
Salaries, wages and benefits	\$ 357,850	\$ 9,798	\$ 168,685	\$ 224,018	\$ 48,533	\$ 125,690	\$ 312,123	\$ 1,246,697
Contracted and general services	186,058	137,140	89,236	179,686	22,392	136,785	126,051	877,348
Materials, goods and utilities	22,480	1,474	98,288	376,523	4,252	4,567	36,137	543,721
Transfers to local boards and agencies	-	-	-	-	634	-	50,580	51,214
Provision for allowances	48,361	-	-	-	-	-	-	48,361
Interest on long-term debt	867	-	2,600	30,227	-	1,634	867	36,195
Bank charges and short-term interest	7,922	-	-	-	-	-	-	7,922
	623,538	148,412	358,809	810,454	75,811	268,676	525,758	2,811,458
NET REVENUE (DEFICIT) BEFORE AMORTIZATION OF TANGIBLE CAPITAL ASSETS	\$ 527,018	\$ -	\$ -	\$ 108,967	\$ -	\$ -	\$ -	\$ 635,985
Amortization of tangible capital assets	\$ 100,957	\$ 363	\$ 221,205	\$ 237,873	\$ 255	\$ 44,940	\$ 76,404	\$ 681,997
NET REVENUE (DEFICIT)	\$ 426,061	\$ (363)	\$ (221,205)	\$ (128,906)	\$ (255)	\$ (44,940)	\$ (76,404)	\$ (46,012)

TOWN OF BON ACCORD
Notes to Financial Statements
For the Year Ended December 31, 2023

1. ACCOUNTING POLICIES

The financial statements of Town of Bon Accord (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 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 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 cost. 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 BON ACCORD
Notes to Financial Statements
For the Year Ended December 31, 2023

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 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	45 - 75 years
Wastewater	45 - 75 years
Storm sewer	45 - 75 years
Roads	10 - 40 years
Electrical systems	25 years
Machinery and equipment	10 - 25 years
Vehicles	10 - 25 years
Land improvements	15 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.

(continues)

TOWN OF BON ACCORD
Notes to Financial Statements
For the Year Ended December 31, 2023

1. ACCOUNTING POLICIES *(continued)*

(i) Asset Retirement Obligations

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.

(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.

(continues)

TOWN OF BON ACCORD
Notes to Financial Statements
For the Year Ended December 31, 2023

1. ACCOUNTING POLICIES *(continued)*

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

(n) New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2023, *PS3400 Revenue* provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

TOWN OF BON ACCORD
Notes to Financial Statements
For the Year Ended December 31, 2023

2. CASH AND CASH EQUIVALENTS

	2023	2022
Operating accounts	\$ 2,509,717	\$ 2,421,202
High interest savings account	1,002,433	960,352
Cash on hand	182	182
	\$ 3,512,332	\$ 3,381,736

The Town has access to a revolving line of credit with a maximum limit of \$230,000. No amounts were drawn on the line of credit as at December 31, 2023 or 2022.

3. ACCOUNTS RECEIVABLE

	2023	2022
Receivable from other governments	\$ 182,309	\$ -
Trade and other	110,097	174,788
Goods and Services Tax recoverable	75,154	13,526
Utility accounts	60,894	64,319
Taxes and grants in place of taxes	25,262	29,934
	\$ 453,716	\$ 282,567

4. DEFERRED REVENUE

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

	2023	2022
Prepaid bulk water	\$ 38,508	\$ 34,970
Canada Community Building Fund	28,153	101,424
Municipal Sustainability Initiative - Operating	14,750	-
Offsite levies	10,084	10,084
Municipal Sustainability Initiative - Capital	7,449	-
Other	4,730	4,730
	\$ 103,674	\$ 151,208

TOWN OF BON ACCORD
Notes to Financial Statements
For the Year Ended December 31, 2023

5. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$50,048 including interest at 3.023% maturing June 2032.	\$ 783,580	\$ 858,292
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$25,822 including interest at 5.270% maturing March 2043.	624,577	-
Alberta Capital Finance Authority debenture repayable in semi-annual installments of \$37,514 including interest at 1.592% maturing June 2030.	461,552	528,432
	<u>\$ 1,869,709</u>	<u>\$ 1,386,724</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 163,910	\$ 62,857	\$ 226,767
2025	168,354	58,413	226,767
2026	172,941	53,826	226,767
2027	177,676	49,091	226,767
2028	182,565	44,202	226,767
Thereafter	1,004,263	417,607	1,421,870
	<u>\$ 1,869,709</u>	<u>\$ 685,996</u>	<u>\$ 2,555,705</u>

6. 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>2023</u>	<u>2022</u>
Total debt limit	\$ 5,673,674	\$ 5,171,165
Total debt	(1,869,709)	(1,386,724)
Total debt limit remaining	<u>\$ 3,803,965</u>	<u>\$ 3,784,441</u>
Service on debt limit	\$ 945,612	\$ 861,861
Service on debt	(226,767)	(175,124)
Total service on debt limit remaining	<u>\$ 718,845</u>	<u>\$ 686,737</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 financial statements must be interpreted as a whole.

TOWN OF BON ACCORD
Notes to Financial Statements
For the Year Ended December 31, 2023

7. ASSET RETIREMENT OBLIGATIONS

The Town owns various buildings and engineered structures which contain asbestos or are presumed to contain asbestos and, therefore, the Town is legally required to perform abatement activities upon renovation, demolition, or otherwise disturbing the related assets.

Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed.

Undiscounted future cash flows expected are approximately \$1,700,000 over many years.

The estimated total liability is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4% (2022 - 4%) and assuming annual inflation of 3% (2022 - 3%).

The estimated liability as at December 31, 2023, 2022 and 2021 respectively is \$1,307,690, \$1,257,388 and \$1,209,033; with accretion expense increasing the estimated liability of \$50,302 in 2023 and \$48,355 in 2022.

TOWN OF BON ACCORD
Notes to Financial Statements
For the Year Ended December 31, 2023

8. ACCUMULATED SURPLUS

	2023	2022
Unrestricted surplus	\$ 1,072,807	\$ 867,888
Restricted surplus		
Operating reserves (Note 9)	878,952	878,952
Capital reserves (Note 9)	1,283,557	1,445,829
Equity in tangible capital assets (Schedule 2)	14,254,040	14,021,927
	<u>\$ 17,489,356</u>	<u>\$ 17,214,596</u>

9. RESTRICTED SURPLUS

	2023	2022
Operating Reserves		
General operating	\$ 852,920	\$ 852,920
Recreation	26,032	26,032
	<u>\$ 878,952</u>	<u>\$ 878,952</u>
Capital Reserves		
Road improvement	\$ 488,215	\$ 486,000
Water system	310,612	265,753
Sanitary sewer system	199,990	176,396
Fire	101,506	91,506
Stormwater	81,173	62,579
Range road 240	22,785	-
Facility infrastructure	19,946	-
Snow removal	15,000	15,000
Veterans park reserve	11,853	-
Economic & community development	10,618	10,618
Equipment	10,552	10,552
Roots of empathy reserve	4,417	1,662
Community development	3,853	3,853
Protective services - COPS	2,255	-
Administration building	782	782
Cemetery	-	14,085
Karing for kids	-	2,755
Lilian Schick school	-	500
Parks & recreation	-	256,107
Water offsite levies	-	21,265
Solar farm	-	10,000
Building	-	16,416
	<u>\$ 1,283,557</u>	<u>\$ 1,445,829</u>

TOWN OF BON ACCORD
Notes to Financial Statements
For the Year Ended December 31, 2023

10. 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:

	2023 (Budget) (Note 12)	2023 (Actual)	2022 (Actual)
Fortis Alberta Inc.	\$ 155,365	\$ 140,877	\$ 136,246
ATCO Gas	85,486	77,515	91,729
	<u>\$ 240,851</u>	<u>\$ 218,392</u>	<u>\$ 227,975</u>

11. 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)	2023	2022
Mayor Holden	\$ 22,616	\$ -	\$ 22,616	\$ 22,464
Councillors				
May	13,821	614	14,435	13,536
Larson	13,071	569	13,640	3,748
Laing	12,921	561	13,482	11,395
Bidney	11,721	489	12,210	13,536
Chief Administrative Officer				
Brown	125,327	21,342	146,669	140,588
Designated Officers				
Assessor	26,553	-	26,553	14,451
	<u>\$ 226,030</u>	<u>\$ 23,575</u>	<u>\$ 249,605</u>	<u>\$ 219,718</u>

(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.

TOWN OF BON ACCORD
Notes to Financial Statements
For the Year Ended December 31, 2023

12. BUDGET FIGURES

	2023 (Budget)	2023 (Actual)
Annual surplus	\$ 381,640	\$ 274,760
Amortization of tangible capital assets	-	725,442
Acquisition of tangible capital assets	-	(1,582,969)
Repayment of long-term debt	(157,057)	(150,715)
Issuance of long-term debt	-	633,700
Net transfers (to) from reserves	(224,583)	162,272
Results of operations	\$ -	\$ 62,490

The budget data presented in these consolidated financial statements is based on the operating and capital budgets approved by Town Council on October 18, 2022. The chart above reconciles the approved financial plan to the figures reported in these consolidated financial statements.

13. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities including asset retirement obligations, and long-term debt. It is management's opinion that the Town is not exposed to significant currency, other price 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 high interest savings account. 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.

14. 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 financial statements as disclosed in *Note 1*. For additional information see the Schedules of Segmented Disclosure (*Schedule 6 & Schedule 7*).

15. CONTINGENCY

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). 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.

TOWN OF BON ACCORD
Notes to Financial Statements
For the Year Ended December 31, 2023

16. CONTRACTUAL OBLIGATIONS

Waste Services

The Town has entered into an agreement for waste hauling services for the period December 2021 - November 2026. The estimated cost of these services is approximately \$110,000 annually. Future requirements will be adjusted based on the Consumer Price Index as calculated by Statistics Canada each year with the increase to take effect on January 1 of each year.

Peace Officer and Fire Services

The Town has entered into agreements with Sturgeon County for the provision of Peace Officer and fire services for the period January 1, 2022 - December 31, 2026. The estimated cost of these services is approximately \$70,000 annually increased by 2% or Consumer Price Index as whichever is greater.

17. RESTATEMENT

During the year the Town adopted *PS 3280 Asset Retirement Obligations*. This standard has been adopted retrospectively and prior periods have been restated. The effect of the restatement to the 2022 comparative figures has been to increase tangible capital assets by \$1,143,278, decrease annual surplus by \$114,110, and increase asset retirement obligations liability by \$1,257,388.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Town Council and management.
