

**TOWN OF FOX CREEK
FINANCIAL STATEMENTS
FOR THE YEAR END DECEMBER 31, 2023**

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FINANCIAL STATEMENTS
DECEMBER 31, 2023**

CONTENTS

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	2
INDEPENDENT AUDITOR'S REPORT	3 - 5
FINANCIAL STATEMENTS	
Statement of Financial Position	6
Statement of Operations	7
Statement of Changes in Net Financial Assets	8
Statement of Cash Flows	9
Schedule of Tangible Capital Assets <i>(Schedule 1)</i>	10
Schedule of Property and Other Taxes <i>(Schedule 2)</i>	11
Schedule of Government Transfers <i>(Schedule 3)</i>	11
Schedule of Expenses by Object <i>(Schedule 4)</i>	12
Schedule of Changes in Accumulated Surplus <i>(Schedule 5)</i>	13
Schedule of Segmented Disclosure <i>(Schedule 6)</i>	14
Notes to Financial Statements	15 - 31

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Town of Fox Creek (the "Town") is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Town's financial position as at December 31, 2023 and the results of its operations for the year then ended.

The financial statements have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards (PSAS).

The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the financial statements are presented fairly in all material respects.

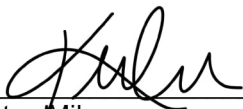
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable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

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the financial statements.

The Town Council carries out its responsibilities for review of the financial statements primarily through the Finance and Administration departments. Council meets annually with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the finance and administration department with and without the presence of management. The Town Council has approved the financial statements.

The financial statements have been audited by Ascend LLP, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination, and their opinion on the Town's financial statements.



Kristen Milne
Chief Administrative Officer



Lori Conkin
Director of Corporate Services

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of the Town of Fox Creek:

Qualified Opinion

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

In our opinion, except for the effect of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Town of Fox Creek as at December 31, 2023, the results of its operations, changes in net financial assets and its cash flows for the year ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis for Qualified Opinion

The Town of Fox Creek operates a landfill and has not recognized any liability for asset retirement obligations associated with its operations. Additionally, management has not provided an assessment of all asset retirement obligations that may exist, nor has it determined a reasonable estimate of such obligations. This constitutes a departure from CPA Canada Handbook Section *PS3280 - asset retirement obligations*.

The Town of Fox Creek's tangible capital asset balance may be incomplete, as it is uncertain whether all tangible capital assets have been properly capitalized. Furthermore, the Town's accounting policy for amortization of tangible capital assets utilizes half-year amortization on year of acquisition, rather than recognizing the in-service date of new tangible capital assets. Tangible capital assets are recorded as a non-financial asset and represents \$89,566,846 (2022 - \$87,200,150) of the Town's total non-financial assets.

The financial impact of these matters are unknown, and we are unable to determine whether any adjustments to the financial statements are required.

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 of Fox Creek 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 qualified opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of the 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.

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Auditor's Responsibility 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 the 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 controls.
- Obtain an understanding of internal controls 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 controls.
- 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 the auditor's report. However, future events or conditions may cause the Town to cease to continue to be 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 things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during the audit.

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Independent Auditor's Report to the Members of the Council of Town of Fox Creek: *(continued)*

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 9.
- 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 1.

A handwritten signature in black ink that reads "Ascend". The letter "A" is large and stylized, with a long horizontal stroke that extends to the right and then curves upwards. The word "scend" is written in a simpler, cursive-like font.

Ascend LLP
Chartered Professional Accountants
Canmore, Alberta
March 11, 2025

TOWN OF FOX CREEK
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022
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FINANCIAL ASSETS		
Cash (Note 2)	\$ 20,900,244	\$ 22,831,667
Investments (Note 3)	469,281	451,738
Receivables		
Taxes and grants in place of taxes (Note 4)	295,837	1,178,833
Trade and other receivables (Note 5)	396,828	372,746
Receivables from other governments	14,279,924	4,801,169
Land inventory held for resale	<u>2,894,071</u>	<u>3,029,244</u>
	<u>39,236,185</u>	<u>32,665,397</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	3,256,403	1,228,045
Deposit liabilities	431,071	536,860
Deferred revenue (Note 7)	12,761,656	7,398,390
Long-term debt (Note 8)	<u>12,500,063</u>	<u>13,173,170</u>
	<u>28,949,193</u>	<u>22,336,465</u>
NET FINANCIAL ASSETS	<u>10,286,992</u>	<u>10,328,932</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	89,566,846	87,200,150
Inventory for consumption	7,101	-
Prepaid expenses	<u>54,178</u>	<u>51,332</u>
	<u>89,628,125</u>	<u>87,251,482</u>
ACCUMULATED SURPLUS (Schedule 5)	<u>\$ 99,915,117</u>	<u>\$ 97,580,414</u>
	CONTAMINATED SITES LIABILITY (SEE NOTE 12)	
	COMMITMENTS (SEE NOTE 17)	
	CONTINGENCIES (SEE NOTE 18)	

TOWN OF FOX CREEK
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	2022
REVENUE			
Net municipal taxes (Schedule 2)	\$ 4,038,575	\$ 4,035,948	\$ 3,909,298
User fees and sale of goods	3,244,415	2,732,456	2,812,544
Government transfers for operating (Schedule 3)	2,533,636	5,071,227	2,565,570
Penalties and costs on taxes	325,450	370,781	356,733
Licenses and permits	115,750	90,621	89,904
Fines	28,000	50,930	57,405
Franchise and concession contracts	307,100	286,698	292,297
Investment income	80,000	1,085,570	474,881
Rentals	418,685	295,236	431,552
Insurance proceeds	-	-	57
Gain on disposal of tangible capital assets	-	-	22,918
Other	<u>174,805</u>	<u>303,164</u>	<u>209,742</u>
Total Revenue	<u>11,266,416</u>	<u>14,322,631</u>	<u>11,222,901</u>
EXPENSES			
General government			
Council and other legislative	334,421	204,937	169,870
General administrative	1,936,295	2,264,921	1,679,615
Protective services			
Police	76,000	173,998	61,432
Fire protection	456,342	673,813	636,000
Emergency measures and disaster services	58,638	2,666,982	41,316
Ambulance services and first aid	26,905	17,926	24,813
Bylaw enforcement	184,617	116,973	169,272
Transportation services			
Common and equipment pool	840,055	722,694	763,063
Roads, streets, walks, and lighting	558,413	786,899	831,112
Airport	12,886	15,721	10,612
Water and wastewater			
Water supply and distribution	851,803	1,161,638	1,146,752
Wastewater treatment and disposal	232,334	333,049	367,681
Waste management			
Waste management	490,362	487,976	454,165
Public health and welfare			
Family and community support services	612,338	593,718	607,828
Other public health and welfare	285,598	242,094	236,952
Planning and development			
Land use planning, zoning and development	190,790	183,349	156,592
Subdivision land and development	17,500	165,834	4,893
Economic development	53,275	14,616	22,570
Recreation and culture			
Parks and recreation	3,096,262	3,708,840	3,728,644
Libraries, museums, and halls	<u>170,410</u>	<u>135,922</u>	<u>153,098</u>
Total Expenses	<u>10,485,244</u>	<u>14,671,900</u>	<u>11,266,280</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE CAPITAL REVENUE	781,172	(349,269)	(43,379)
Government transfers for capital (Schedule 3)	3,047,020	2,655,230	1,663,781
Other capital revenue	<u>100,000</u>	<u>28,742</u>	<u>27,418</u>
EXCESS OF REVENUE OVER EXPENSES	3,928,192	2,334,703	1,647,820
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>97,580,414</u>	<u>97,580,414</u>	<u>95,932,594</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 101,508,606</u>	<u>\$ 99,915,117</u>	<u>\$ 97,580,414</u>

TOWN OF FOX CREEK
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (Unaudited)	2023	2022
EXCESS OF REVENUE OVER EXPENSES	\$ <u>3,928,192</u>	\$ <u>2,334,703</u>	\$ <u>1,647,820</u>
Acquisition of tangible capital assets	(8,815,500)	(4,917,240)	(3,346,366)
Amortization of tangible capital assets	-	2,550,544	2,543,520
Gain on disposal of tangible capital assets	-	-	(22,918)
Proceeds on disposition of tangible capital assets	<u>-</u>	<u>-</u>	<u>70,690</u>
	<u>(8,815,500)</u>	<u>(2,366,696)</u>	<u>(755,074)</u>
Change in inventory for consumption	-	(7,101)	-
Change in prepaid expenses	<u>-</u>	<u>(2,846)</u>	<u>(12,030)</u>
(DECREASE) INCREASE IN NET ASSETS	(4,887,308)	(41,940)	880,716
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>10,328,932</u>	<u>10,328,932</u>	<u>9,448,216</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ <u>5,441,624</u></u>	<u>\$ <u>10,286,992</u></u>	<u>\$ <u>10,328,932</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF FOX CREEK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022 (Restated)
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NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	\$ 2,334,703	\$ 1,647,820
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	2,550,544	2,543,520
Gain on disposal of tangible capital assets	<u>-</u>	<u>(22,918)</u>
	4,885,247	4,168,422
Non-cash charges to operations (net change):		
Taxes and grants in place of taxes	882,996	(196,156)
Trade and other receivables	(24,082)	201,734
Receivables from other governments	(9,478,755)	1,829,537
Land inventory held for resale	135,173	(136,808)
Inventory for consumption	(7,101)	-
Prepaid expenses	(2,846)	(12,030)
Accounts payable and accrued liabilities	2,028,358	7,233
Deposit liabilities	(105,789)	1,405
Deferred revenue	<u>5,363,266</u>	<u>198,639</u>
	<u>3,676,467</u>	<u>6,061,976</u>
CAPITAL		
Acquisition of tangible capital assets	(4,917,240)	(3,346,366)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>70,690</u>
	<u>(4,917,240)</u>	<u>(3,275,676)</u>
INVESTING		
Increase in restricted cash or cash equivalents	(633,801)	(2,548,834)
(Increase) decrease in investments	<u>(17,543)</u>	<u>9,180</u>
Cash provided by (applied to) investing transactions	<u>(651,344)</u>	<u>(2,539,654)</u>
FINANCING		
Repayment of long-term debt	<u>(673,107)</u>	<u>(652,238)</u>
CHANGE IN CASH DURING THE YEAR	(2,565,224)	(405,592)
CASH, BEGINNING OF YEAR	<u>15,608,637</u>	<u>16,014,229</u>
CASH, END OF YEAR	<u><u>\$ 13,043,413</u></u>	<u><u>\$ 15,608,637</u></u>
Cash and cash equivalents is made up of:		
Cash (Note 2)	\$ 20,900,244	\$ 22,831,667
Less: restricted portion of cash (Note 2)	<u>(7,856,831)</u>	<u>(7,223,030)</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 13,043,413</u></u>	<u><u>\$ 15,608,637</u></u>

TOWN OF FOX CREEK
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 1

	Construction in Progress	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2023	2022 (Restated)
COST:									
BALANCE, BEGINNING OF YEAR (Note 20)	\$ 1,740,199	\$ 418,149	\$ 2,421,280	\$52,386,824	\$49,552,782	\$ 6,117,328	\$ 1,656,819	\$114,293,381	\$111,007,774
Acquisition of tangible capital assets	(1,070,849)	-	49,027	2,958,763	52,267	286,540	10,060	2,285,808	3,346,366
Construction-in-progress	2,631,432	-	-	-	-	-	-	2,631,432	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	(60,759)
BALANCE, END OF YEAR	<u>3,300,782</u>	<u>418,149</u>	<u>2,470,307</u>	<u>55,345,587</u>	<u>49,605,049</u>	<u>6,403,868</u>	<u>1,666,879</u>	<u>119,210,621</u>	<u>114,293,381</u>
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR	-	-	578,969	8,165,810	13,093,021	3,843,112	1,412,319	27,093,231	24,562,698
Annual amortization	-	-	37,337	1,371,012	729,718	362,571	49,906	2,550,544	2,543,520
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	(12,987)
BALANCE, END OF YEAR	<u>-</u>	<u>-</u>	<u>616,306</u>	<u>9,536,822</u>	<u>13,822,739</u>	<u>4,205,683</u>	<u>1,462,225</u>	<u>29,643,775</u>	<u>27,093,231</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 3,300,782</u>	<u>\$ 418,149</u>	<u>\$ 1,854,001</u>	<u>\$45,808,765</u>	<u>\$35,782,310</u>	<u>\$ 2,198,185</u>	<u>\$ 204,654</u>	<u>\$ 89,566,846</u>	<u>\$ 87,200,150</u>
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,740,199</u>	<u>\$ 418,149</u>	<u>\$ 1,842,311</u>	<u>\$44,221,014</u>	<u>\$36,459,761</u>	<u>\$ 2,274,216</u>	<u>\$ 244,500</u>	<u>\$ 87,200,150</u>	

TOWN OF FOX CREEK
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 2

	Budget (Unaudited)	2023	2022
TAXATION			
Real property taxes	\$ 4,969,183	\$ 4,924,332	\$ 4,934,804
Linear property taxes	119,698	152,216	135,471
Government grants in place of property taxes	50,420	60,693	47,694
Local improvement taxes	<u>15,903</u>	<u>15,903</u>	<u>15,903</u>
	<u>5,155,204</u>	<u>5,153,144</u>	<u>5,133,872</u>
REQUISITIONS			
Alberta School Foundation Fund	1,009,379	1,010,190	1,117,043
Heart River Foundation	<u>107,250</u>	<u>107,006</u>	<u>107,531</u>
	<u>1,116,629</u>	<u>1,117,196</u>	<u>1,224,574</u>
NET MUNICIPAL TAXES	<u>\$ 4,038,575</u>	<u>\$ 4,035,948</u>	<u>\$ 3,909,298</u>

SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 3

	Budget (Unaudited)	2023	2022
TRANSFERS FOR OPERATING			
Provincial government	\$ 383,644	\$ 2,717,986	\$ 437,136
Federal government	17,892	18,344	19,934
Local governments	<u>2,132,100</u>	<u>2,334,897</u>	<u>2,108,500</u>
	<u>2,533,636</u>	<u>5,071,227</u>	<u>2,565,570</u>
TRANSFERS FOR CAPITAL			
Provincial government	2,160,586	1,523,321	530,894
Federal government	155,148	155,148	218,262
Local governments	<u>731,286</u>	<u>976,761</u>	<u>914,625</u>
	<u>3,047,020</u>	<u>2,655,230</u>	<u>1,663,781</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 5,580,656</u>	<u>\$ 7,726,457</u>	<u>\$ 4,229,351</u>

TOWN OF FOX CREEK
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 4

	Budget (Unaudited)	2023	2022
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EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 5,213,925	\$ 5,463,614	\$ 4,566,016
Contracted and general services	2,626,510	3,334,553	2,055,131
Purchases from other governments	76,000	169,980	56,945
Materials, goods, supplies and utilities	1,775,408	1,820,814	1,395,600
Provision for allowances	92,917	760,597	82,837
Transfers to individuals and organizations	169,080	135,631	117,519
Bank charges and short-term interest	40,000	45,262	37,881
Interest on capital long-term debt (Note 8)	389,904	389,905	410,831
Amortization of tangible capital assets (Schedule 1)	-	2,550,544	2,543,520
Other expenses	101,500	1,000	-
	<u>\$ 10,485,244</u>	<u>\$ 14,671,900</u>	<u>\$ 11,266,280</u>

TOWN OF FOX CREEK
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 5

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022
BALANCE, BEGINNING OF YEAR	\$ <u>8,150,418</u>	\$ <u>15,403,016</u>	\$ <u>74,026,980</u>	\$ <u>97,580,414</u>	\$ <u>95,932,594</u>
Excess of revenues over expenses	2,334,703	-	-	2,334,703	1,647,820
Unrestricted funds designated for future use	(1,329,404)	1,329,404	-	-	-
Restricted funds used for tangible capital assets	-	(1,214,730)	1,214,730	-	-
Current year funds used for tangible capital assets	(3,702,510)	-	3,702,510	-	-
Annual amortization expense	2,550,544	-	(2,550,544)	-	-
Long-term debt repaid	<u>(673,107)</u>	<u>-</u>	<u>673,107</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(819,774)</u>	<u>114,674</u>	<u>3,039,803</u>	<u>2,334,703</u>	<u>1,647,820</u>
BALANCE, END OF YEAR	\$ <u><u>7,330,644</u></u>	\$ <u><u>15,517,690</u></u>	\$ <u><u>77,066,783</u></u>	\$ <u><u>99,915,117</u></u>	\$ <u><u>97,580,414</u></u>

TOWN OF FOX CREEK
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 6

	General Government	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Public Health and Welfare	Planning and Development	Recreation and Culture	Total
REVENUE									
Net municipal taxes	\$ 4,020,045	\$ -	\$ 3,025	\$ 12,878	\$ -	\$ -	\$ -	\$ -	\$ 4,035,948
User fees and sales of goods	2,949	77,731	299	1,702,025	350,186	37,168	298,289	263,809	2,732,456
Government transfers for operating	1,062,649	2,631,003	-	-	-	367,838	-	1,009,737	5,071,227
Penalties and costs on taxes	349,742	-	-	21,039	-	-	-	-	370,781
Licenses and permits	22,549	29,699	-	-	-	-	38,373	-	90,621
Fines	-	50,930	-	-	-	-	-	-	50,930
Franchise and concession contracts	286,698	-	-	-	-	-	-	-	286,698
Investment income	1,085,103	-	-	-	-	-	-	467	1,085,570
Rentals	166,187	36,917	11,637	-	-	34,937	13,866	31,692	295,236
Other revenues	2,924	180,631	-	-	-	8,226	-	111,383	303,164
	<u>6,998,846</u>	<u>3,006,911</u>	<u>14,961</u>	<u>1,735,942</u>	<u>350,186</u>	<u>448,169</u>	<u>350,528</u>	<u>1,417,088</u>	<u>14,322,631</u>
EXPENSES									
Salaries, wages and benefits	1,151,274	951,490	612,778	483,377	171,661	626,530	134,224	1,332,280	5,463,614
Contract and general services	359,167	1,660,443	135,783	163,810	290,486	172,053	76,541	476,270	3,334,553
Purchases from other governments	-	169,980	-	-	-	-	-	-	169,980
Materials, goods, supplies and utilities	55,202	501,421	280,176	227,703	9,671	21,328	138,034	587,279	1,820,814
Provision for allowances	713,123	13,417	4,354	7,530	5,451	137	15,000	1,585	760,597
Transfers to individuals and organizations	69,553	-	-	-	-	-	-	66,078	135,631
Bank charges and short-term interest	37,393	-	-	-	-	-	-	7,869	45,262
Interest on capital long-term debt	-	67,901	2,573	21,982	-	-	-	297,449	389,905
Other expenses	-	-	-	-	-	1,000	-	-	1,000
	<u>2,385,712</u>	<u>3,364,652</u>	<u>1,035,664</u>	<u>904,402</u>	<u>477,269</u>	<u>821,048</u>	<u>363,799</u>	<u>2,768,810</u>	<u>12,121,356</u>
NET REVENUE, BEFORE AMORTIZATION AND OTHER	<u>4,613,134</u>	<u>(357,741)</u>	<u>(1,020,703)</u>	<u>831,540</u>	<u>(127,083)</u>	<u>(372,879)</u>	<u>(13,271)</u>	<u>(1,351,722)</u>	<u>2,201,275</u>
Government transfers for capital	685,153	898,970	216,627	19,994	-	-	-	834,486	2,655,230
Other capital revenue	-	-	28,742	-	-	-	-	-	28,742
Amortization expense	<u>(84,146)</u>	<u>(285,040)</u>	<u>(489,650)</u>	<u>(590,285)</u>	<u>(10,707)</u>	<u>(14,764)</u>	<u>-</u>	<u>(1,075,952)</u>	<u>(2,550,544)</u>
NET REVENUE	<u>\$ 5,214,141</u>	<u>\$ 256,189</u>	<u>\$ (1,264,984)</u>	<u>\$ 261,249</u>	<u>\$ (137,790)</u>	<u>\$ (387,643)</u>	<u>\$ (13,271)</u>	<u>\$ (1,593,188)</u>	<u>\$ 2,334,703</u>

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Fox Creek (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 Chartered Professional Accountants of Canada. 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 expenditures, changes in fund balances and change 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 council for the administration of their financial affairs and resources.

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

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

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.

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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Significant financial statement areas requiring the use of management estimates include:

- Allowance for doubtful accounts;
- Useful life of tangible capital assets;
- Accrued liabilities; and
- Fair value of contributed tangible capital assets.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) 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
Investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Long-term debt	Amortized cost

e) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on deposits with financial institutions and highly liquid investments with maturities of three months or less.

f) Investments

Investments in interest bearing securities are recorded amortized cost. Investment premiums and discounts are amortized on the net present value basis 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.

g) Long-term Debt

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

h) 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.

i) Land Inventories 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 levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective function.

j) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Asset Retirement

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital asset (TCA). Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to:

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- remediation of contamination of a tangible capital asset created by its normal use;
- post-retirement activities such as monitoring; and
- constructing other tangible capital assets to perform post-retirement activities.

A liability for an asset retirement obligation is recognized when, as at the financial reporting date:

- a. there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- b. it is expected that future economic benefits will be given up; and
- c. a reasonable estimate of the amount can be made.

The Town recognizes liabilities in the period in which an obligation arises for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the tangible capital assets. The obligations are initially measured at management's best estimate of the requirements to settle the retirement obligation. Costs are only discounted where the amount and timing are known with certainty such that discounting would result in a more accurate measurement of the liability.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

l) 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 either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Revenue Recognition

Revenue from transactions with no performance obligation is 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 is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. 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.

n) 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.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

o) Deferred Revenues

Deferred revenues represent government transfers, donations, and other amounts which have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met. Interest earned on deferred revenues, reserves and offsite levies are calculated using an average investment earnings monthly.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) 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 revenues 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 declining balance method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

	RATE
Land improvements	2%
Buildings	3%
Engineered structures	
Water system	2%
Wastewater system	2%
Other engineered structures	2%
Machinery and equipment	15%
Vehicles	20%

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Tangible capital assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

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

iii. Inventories

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

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. CASH

Cash includes various business chequing and savings accounts that earn interest between prime rate less 1.90% and prime rate less 1.55%.

The Town received certain Alberta government grants, local municipal grants and other donations and contributions, that are restricted in their use and are to be utilized as funding for certain projects. Since certain projects have not been completed for which this restricted funding has been received, \$7,425,760 (2022 - \$6,686,170) of the cash on hand is not available for general use by the Town.

Of the cash, \$431,071 (2022 - \$536,860) is considered restricted cash and not available for general use as it relates to deposits received.

The Town has a revolving line of credit with Canadian Imperial Bank of Commerce, with a maximum authorized limit of \$1,000,000, which bears interest at prime rate less 0.25%. As of year end, \$0 was outstanding on this revolving line of credit.

3. INVESTMENTS

Investments include guaranteed investment certificates maturing between April 2024 and May 2028, bearing interest at rates between 2.5% and 4%.

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2023</u>	<u>2022</u>
Current taxes and grants in place	\$ 549,548	\$ 702,826
Arrears taxes	<u>1,055,281</u>	<u>1,044,653</u>
	1,604,829	1,747,479
Less: allowance for doubtful accounts	<u>(1,308,992)</u>	<u>(568,646)</u>
	<u>\$ 295,837</u>	<u>\$ 1,178,833</u>

5. TRADE AND OTHER RECEIVABLES

	<u>2023</u>	<u>2022</u>
Trade accounts receivable	\$ 516,065	\$ 749,534
Utility accounts receivable	209,128	127,019
Due from employees	258	-
Accrued interest receivable	<u>1,470</u>	<u>1,489</u>
	726,921	878,042
Less: allowance for doubtful accounts	<u>(330,093)</u>	<u>(505,296)</u>
	<u>\$ 396,828</u>	<u>\$ 372,746</u>

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Trade payables	\$ 2,493,091	\$ 817,307
Holdbacks payable	380,750	168,807
Accrued liabilities	268,526	151,413
Accrued vacation payable to employees	<u>114,036</u>	<u>90,518</u>
	<u>\$ 3,256,403</u>	<u>\$ 1,228,045</u>

7. DEFERRED REVENUE

	<u>2023</u>	<u>2022</u>
Municipal District of Greenview	\$ 6,651,944	\$ 3,889,601
Alberta Forestry and Parks Emergency Fireguard Program	3,007,830	-
Shell Canada Energy Waste Water Supply Agreement	1,799,590	2,153,607
Alberta Municipal Sustainability Initiative	507,073	507,073
United Way of Calgary and Area	182,293	-
Community Adult Learning Program	172,552	202,177
Canada Community - Building Fund	162,076	155,148
Alberta Environment and Parks	94,500	94,500
Donations	39,008	12,821
Prepaid sponsorships	35,621	33,781
Licenses and permits	30,707	53,658
Alberta Community Partnership	16,726	111,990
Alberta Jobs, Economy and Northern Development Program	16,532	-
Canadian Mental Health Association	13,460	569
Emergency Community Support Fund	8,489	13,764
Unearned revenue	7,102	363
Employment and Social Development Canada	6,422	6,874
Career and Employment Resource Centre	5,278	4,050
Early Child Development Mapping Project Program	2,830	2,830
Shell In the Community Grant	1,623	5,078
Family Resource Network	-	92,153
Fire Department donations	-	27,246
Alberta Environment and Parks - Community Environmental Project	-	23,607
Alberta Environment and Parks	<u>-</u>	<u>7,500</u>
	<u>\$ 12,761,656</u>	<u>\$ 7,398,390</u>

Municipal District of Greenview

Municipal District of Greenview funding is for certain operating and capital expenditures which have not yet been expended. During the year, \$976,762 (2022 - \$914,625) was recognized as capital and operating grant revenues and an additional \$3,739,105 (2022 - \$1,500,000) was deferred.

Alberta Forestry and Parks Emergency Fireguard Program

Provincial government funding is to undertake certain eligible firebreak expenditures that have not yet been expended. During the year, \$898,970 was recognized as capital grant revenue and an additional \$3,007,830 was deferred.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

7. DEFERRED REVENUE (continued)

Shell Canada Energy Waste Water Supply Agreement

The Town has received funding from Shell Canada Energy for the exclusive supply and use of all of the Town's treated waste water. The funds are recognized as revenue on an annual basis until expiry of the agreement in January 2029. During the year, \$354,017 (2022 - \$354,018) was recognized as user fees and sale of goods revenue.

Alberta Municipal Sustainability Initiative

Provincial government funding is to undertake certain eligible infrastructure expenditures within the Town that have not yet been expended. During the year, \$314,725 (2022 - \$355,401) was recognized as capital grant revenue and an additional \$314,725 (2022 - \$314,725) was deferred.

United Way of Calgary and Area

The Town has received funding from the United Way of Calgary and Area to undertake certain assisted transportation projects within the Town that have not yet been expended. During the year, \$2,752 was recognized as other revenues and an additional \$182,293 was deferred.

Community Adult Learning Program

Provincial government funding was received to undertake certain expenditures under the community adult learning program which have not yet been expended. During the year, \$195,952 (2022 - \$127,094) was recognized as operating grant revenue and an additional \$166,327 (2022 - \$225,143) was deferred.

Canada Community - Building Fund

Federal and provincial government funding is to undertake certain eligible infrastructure expenditures within the Town that have not yet been expended. During the year, \$155,148 (2022 - \$218,262) was recognized as capital grant revenue and an additional \$162,076 (2022 - \$155,148) was deferred.

Alberta Environment and Parks

Provincial government funding was received to undertake certain sewage lagoon desludging project expenses that have not yet been expended.

Alberta Community Partnership

Provincial government funding is to undertake certain regional transportation system infrastructure master planning in conjunction with the Municipal District of Greenview that have not yet been expended. During the year, \$95,264 (2022 - \$88,010) was recognized as capital grant revenue.

Alberta Jobs, Economy and Northern Development Program

Provincial government funding is to undertake certain signage infrastructure expenditures within the Town that have not yet been expended. During the year, \$182,768 was recognized as capital grant revenue and an additional \$16,532 was deferred.

Canadian Mental Health Association

Provincial government funding was received to undertake certain programs to support early child development in the community which have not yet been expended. During the year, \$7,109 (2022 - \$18,869) was recognized as operating grant revenue and an additional \$20,000 (2022 - \$10,000) was deferred.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

7. DEFERRED REVENUE (continued)

Emergency Community Support Fund

Federal government funding was received to operate certain programs that are serving vulnerable populations impacted by the COVID-19 pandemic within the Town which have not yet been expended. During the year, \$5,275 (2022 - \$7,500) was recognized as operating grant revenue.

Employment and Social Development Canada

Federal government funding was received to operate certain programs that are serving senior citizens within the Town which have not yet been expended. During the year, \$18,344 (2022 - \$15,814) was recognized as operating grant revenue and an additional \$17,892 (2022 - \$22,688) was deferred.

Career and Employment Resource Centre

Certain provincial government funding was received to provide individuals with certain career, occupational, learning, and work search goals which have not yet been expended. During the year, \$50,522 (2022 - \$46,298) was recognized as operating grant revenue and an additional \$51,750 (2022 - \$45,000) was deferred.

Early Child Development Mapping Project Program

Certain funding was received to undertake a rural mental health project and related expenditures within the Town which have not yet been expended.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

8. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
Tax supported debentures	\$ 365,162	\$ 414,265
Special levy supported debentures	81,979	97,882
Tax supported loans	<u>12,052,922</u>	<u>12,661,023</u>
	<u>\$ 12,500,063</u>	<u>\$ 13,173,170</u>

The current portion of the long-term debt amounts to \$694,669 (2022 - \$673,107).

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 694,669	\$ 370,008	\$ 1,064,677
2025	716,948	347,729	1,064,677
2026	740,093	324,584	1,064,677
2027	765,456	299,221	1,064,677
2028	789,801	274,876	1,064,677
Thereafter	<u>8,793,096</u>	<u>1,430,879</u>	<u>10,223,975</u>
	<u>\$ 12,500,063</u>	<u>\$ 3,047,297</u>	<u>\$ 15,547,360</u>

Debenture debt is repayable to the Alberta Treasury Board and Finance, and bears interest at 4.96% and 5.10% per annum and matures in March 2029 and December 2029.

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

The Canadian Imperial Bank of Commerce loans bear interest at 2.96%, and are repayable in blended monthly payments of \$15,095 and \$66,127.

Interest on long-term debt amounted to \$389,905 (2022 - \$410,831).

The Town's total cash payments for interest amounted to \$391,570 (2022 - \$412,439).

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

9. 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 Fox Creek be disclosed as follows:

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 21,483,947	\$ 16,799,975
Total debt	<u>12,500,063</u>	<u>13,173,170</u>
Amount of debt limit unused	<u>\$ 8,983,884</u>	<u>\$ 3,626,805</u>
Service on debt limit	\$ 3,580,658	\$ 2,799,996
Service on debt	<u>1,064,677</u>	<u>1,064,677</u>
Amount of debt servicing limit unused	<u>\$ 2,515,981</u>	<u>\$ 1,735,319</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

Total debt includes long-term debt less debt charges recoverable. Debt servicing includes principal and interest payments due on long-term debt in the twelve months subsequent to year-end less amounts that are recoverable.

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Tangible capital assets (Schedule 1)	\$ 119,210,621	\$ 114,293,381
Accumulated amortization (Schedule 1)	(29,643,775)	(27,093,231)
Long-term debt (Note 8)	<u>(12,500,063)</u>	<u>(13,173,170)</u>
	<u>\$ 77,066,783</u>	<u>\$ 74,026,980</u>

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

11. ACCUMULATED SURPLUS

	<u>2023</u>	<u>2022</u>
Operating surplus	\$ 7,330,644	\$ 8,150,418
Operating restricted surplus:		
General administration	12,855	12,855
Waste management	41,955	41,955
Airport	14,052	14,052
Landfill closure and post-closure care	769,669	739,669
Other public health and welfare	-	1,993
Community enhancement	50,000	50,000
Subdivision land and development	10,668	10,668
Recreation	1,223,376	1,118,201
Mill rate stabilization fund	2,355,500	2,355,500
Capital restricted surplus:		
General administration	330,065	357,305
Fire protection	292,934	292,934
Roads, streets, walks, lighting	111,267	116,218
Water supply and distribution	2,003,253	2,164,071
Wastewater treatment and disposal	3,156,657	2,802,640
Waste management	20,033	20,033
Family and community support services	1,402	20,065
Community enhancement	1,385,952	1,458,307
Subdivision land and development	502,942	502,942
Recreation	8,229	14,488
Libraries, museums, halls	22,293	22,293
General	3,204,588	3,286,827
Equity in tangible capital assets (Note 10)	<u>77,066,783</u>	<u>74,026,980</u>
	<u>\$ 99,915,117</u>	<u>\$ 97,580,414</u>

12. CONTAMINATED SITES LIABILITY

The Town owns properties that may contain environmental contamination and may require site reclamation. The financial liability relating to these sites cannot be reasonably estimated and no accrual has been made in these financial statements.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

13. SEGMENTED DISCLOSURE

The Town of Fox Creek provides a range of services to its ratepayers. For each reported segment, revenues and expenses represents 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 the following in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosure (Schedule 6).

General government includes council and other legislative and general administrative. Protective services includes police, fire protection, emergency measures and disaster services, ambulance services and first aid, and bylaw enforcement. Transportation services includes common and equipment pool, roads, streets, walks, and lighting, and airport. Water and wastewater includes water supply and distribution and wastewater treatment and disposal. Waste management includes waste management. Public health and welfare includes family and community support services, and other public health and welfare. Planning and development includes land use planning, zoning and development, subdivision land and development, and economic development. Recreation and culture includes parks and recreation, and libraries, museums and halls.

14. BUDGET DATA

The unaudited budget data presented in these financial statements is based upon the 2023 operating and capital budgets approved by Council. Amortization was not contemplated on development of the budget and, as such, has not been included.

The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	<u>Budget Amount</u>
Revenue	
Operating budget	\$ 13,548,470
Capital budget	8,815,500
Less:	
Transfer to other funds	<u>(7,950,534)</u>
Total revenues	<u>14,413,436</u>
Expenses	
Operating budget	13,548,470
Capital budget	8,815,500
Less:	
Transfer to other funds	(2,390,119)
Capital expenses	(8,815,500)
Debt principal payments	<u>(673,107)</u>
Total expenses	<u>10,485,244</u>
Excess of revenue over expenses	\$ <u><u>3,928,192</u></u>

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

15. SALARY AND BENEFITS

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2023			2022
	<u>Salary</u>	<u>Benefits and allowances</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Mayor Gilmour	\$ 19,461	\$ 1,628	\$ 21,089	\$ 18,186
Councillor Bainton	12,247	1,087	13,334	12,095
Councillor Burrridge	12,803	1,231	14,034	12,944
Councillor Doran	11,519	1,166	12,685	11,833
Councillor Hailes	13,270	599	13,869	13,937
Councillor Hudson	12,841	1,244	14,085	13,801
Councillor Norman	13,862	1,305	15,167	2,241
Councillor Stadnyk	-	-	-	8,450
Chief Administrative Officer	240,168	37,298	277,466	217,447
Designated officers (2 positions)	187,169	44,468	231,637	236,416
Town Assessor	28,568	-	28,568	28,050

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

2. Benefits and allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees include 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.

16. 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*. The 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 the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP during the year were \$297,892 (2022 - \$275,951). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in the current year were \$265,756 (2022 - \$246,432).

At December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.06 billion. This amount is not specifically allocated to the participating government organizations.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

17. COMMITMENTS

The Town is committed under an agreement dated October 15, 2010 with Woodlands County, and the managing partner of the Golden Triangle Snowmobile Trail System, to provide annual funding of \$15,000 towards the maintenance and promotion of the Golden Triangle Snowmobile Trail System.

The Town has committed to make an annual contribution of \$15,000 to the Fox Creek Nordic and Trail Club.

The Town has committed to make an annual contribution of \$12,500 to the Shock Trauma Air Rescue Service until December 31, 2026.

18. CONTINGENCIES

The Town is a member of the Alberta Local Authorities Reciprocal 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.

In the ordinary course of business, lawsuits are brought against the Town. It is the opinion of administration that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

19. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, investments, receivables, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. 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 exposed to the following risks with respect to its financial instruments:

Credit risk

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 and diversity of taxpayers and customers minimizes the credit risk.

Liquidity risk

Liquidity risk is the risk that the Town may not have cash available to satisfy financial liabilities as they become due. Management oversees liquidity risk to ensure the Town has access to enough readily available funds to cover its financial obligations as they become due. The Town manages liquidity risk by continuously monitoring actual daily cash flows and longer term forecasted cash flows and monitoring the maturity profiles of financial assets and liabilities. The Town is exposed to liquidity risk mainly in respect of its receipt of funds from its suppliers and other related sources, accounts payable and accrued liabilities, deposit liabilities, and long-term debt.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Town is exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Town is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate financial instruments subject the Town to a fair value risk, while the floating-rate financial instruments subject the Town to a cash flow risk.

It is management's opinion that the Town is not exposed to significant currency and other price risks arising from these financial instruments.

TOWN OF FOX CREEK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

20. PRIOR PERIOD ADJUSTMENTS

The prior period financial statements have been restated to correct the classification of land improvements and engineered structures in the schedule of tangible capital assets. This adjustment resulted in the following changes to the opening balances:

- The cost of land improvements decreased by \$1,113,230.
- The accumulated amortization of land improvements decreased by \$376,973.
- The net book value of land improvements decreased by \$736,257.
- The cost of engineered structures increased by \$1,113,230.
- The accumulated amortization of engineered structures increased by \$376,973.
- The net book value of engineered structures increased by \$736,257.

The total opening net book value of tangible capital assets did not change as a result of this adjustment and there was no impact on the Town's accumulated surplus.

21. BUDGET AMOUNTS

The 2023 budget for the Town was approved by Council on June 5, 2023, and has been reported in the financial statement for information purposes only. Amortization was not considered in the budget and has not been included. These budget amounts have not been audited, reviewed, or otherwise verified.

22. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.
