

VILLAGE OF KITSCOTY
Financial Statements
For the Year Ended December 31, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

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

The elected Mayor and Council of the Village of Kitscoty are composed entirely of individuals who are neither management nor employees of the Village. The Mayor and Council have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the Village's external auditors.

Metrix Group LLP, Chartered Professional Accountants, have been appointed by the Village's Council to express an opinion on the Village's financial statements and report directly to them. The external auditors have full and free access to and meet periodically and separately with both the Mayor and Council and management to discuss their audit findings.



Mr. Jason Olson, CLGM
Chief Administrative Officer

Kitscoty, AB
April 7, 2025

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Village of Kitscoty

Opinion

We have audited the financial statements of Village of Kitscoty (the "Village"), which comprise the statement of financial position as at December 31, 2024, 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 Village as at December 31, 2024, and the results of its operations 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 Village in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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.

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Independent Auditors' Report to the Mayor and Council of the Village of Kitscoty (*continued*)

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 Village'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 Village'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 Village 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta

April 7, 2025

VILLAGE OF KITSCOTY
Statement of Financial Position
As at December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash	\$ 3,403,892	\$ 3,207,432
Taxes and grants in place of taxes (Note 2)	123,701	154,970
Trade and other receivables (Note 3)	152,257	407,659
Land held for resale	424,092	424,092
Investments	156	156
	<u>4,104,098</u>	<u>4,194,309</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	121,715	112,065
Deposit liabilities	49,521	49,039
Deferred revenue (Note 6)	294,954	355,901
Asset retirement obligation (Note 7)	169,416	161,502
	<u>635,606</u>	<u>678,507</u>
NET FINANCIAL ASSETS	<u>3,468,492</u>	<u>3,515,802</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	6,517	6,278
Tangible capital assets (Schedule 3)	9,150,144	8,743,065
	<u>9,156,661</u>	<u>8,749,343</u>
ACCUMULATED SURPLUS	<u>\$ 12,625,153</u>	<u>\$ 12,265,145</u>
CONTINGENT LIABILITIES (Note 13)		

ON BEHALF OF COUNCIL

 _____ Mayor

 _____ Councillor



VILLAGE OF KITSCOTY**Statement of Operations and Accumulated Surplus****For the Year Ended December 31, 2024**

	2024 (Budget) (Note 15)	2024 (Actual)	2023
REVENUE			
Net municipal taxes (<i>Schedule 1</i>)	\$ 854,125	\$ 861,161	\$ 846,599
User fees and sales of goods	617,550	600,158	656,937
Government transfers for operating (<i>Schedule 2</i>)	159,124	162,364	164,179
Investment income	100,000	154,890	117,166
Other revenue	59,150	125,176	132,990
Franchise and concession contracts (<i>Note 11</i>)	85,000	124,121	78,137
Penalties and costs on taxes	35,000	36,283	35,101
Rentals	21,950	24,811	16,226
Licenses and permits	2,150	1,250	2,443
	<u>1,934,049</u>	<u>2,090,214</u>	<u>2,049,778</u>
EXPENSES			
Roads, streets, walks and lighting	394,600	671,399	633,798
Administration and legislative	483,543	449,864	443,911
Water supply and distribution	261,121	307,480	291,911
Fire protection and safety services	115,150	168,686	162,553
Waste management	125,268	125,142	111,959
Parks and recreation	63,630	122,274	139,229
Wastewater treatment and disposal	56,850	110,750	96,451
Family and community support	34,358	34,430	36,488
Culture	23,876	16,621	29,168
Bylaw enforcement	12,500	11,664	11,363
Cemeteries	11,150	8,318	10,861
Land use planning, zoning and development	-	570	135
	<u>1,582,046</u>	<u>2,027,198</u>	<u>1,967,827</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME	<u>352,003</u>	<u>63,016</u>	<u>81,951</u>
OTHER INCOME			
Government transfers for capital (<i>Schedule 2</i>)	-	298,767	1,196,606
Gain (loss) on disposal of tangible capital assets	-	(1,775)	(42,053)
	<u>-</u>	<u>296,992</u>	<u>1,154,553</u>
ANNUAL SURPLUS	<u>352,003</u>	<u>360,008</u>	<u>1,236,504</u>
ACCUMULATED SURPLUS - BEGINNING OF YEAR	12,265,145	12,265,145	11,028,641
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 12,617,148</u>	<u>\$ 12,625,153</u>	<u>\$ 12,265,145</u>

VILLAGE OF KITSCOTY
Statement of Changes in Net Financial Assets
Year Ended December 31, 2024

	2024 (Budget) (Note 15)	2024 (Actual)	2023
ANNUAL SURPLUS	\$ 352,003	\$ 360,008	\$ 1,236,504
Amortization of tangible capital assets	-	501,251	461,642
Purchase of tangible capital assets	99,500	(966,688)	(1,363,555)
Proceeds on disposal of tangible capital assets	-	56,583	14,600
Loss on disposal of assets	-	1,775	42,053
	<u>99,500</u>	<u>(407,079)</u>	<u>(845,260)</u>
Decrease (increase) in prepaid expenses	<u>-</u>	<u>(239)</u>	<u>13,272</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	451,503	(47,310)	404,516
NET FINANCIAL ASSETS - BEGINNING OF YEAR	<u>3,515,802</u>	<u>3,515,802</u>	<u>3,111,286</u>
NET FINANCIAL ASSETS - END OF YEAR	<u>\$ 3,967,305</u>	<u>\$ 3,468,492</u>	<u>\$ 3,515,802</u>

VILLAGE OF KITSCOTY
Statement of Cash Flows
For the Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Annual surplus	\$ 360,008	\$ 1,236,504
Items not affecting cash:		
Amortization of tangible capital assets	501,251	461,642
Asset retirement obligations accretion	7,914	7,544
Loss on disposal of tangible capital assets	1,775	42,053
	<u>870,948</u>	<u>1,747,743</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes	31,269	(5,114)
Trade and other receivables	255,402	2,243
Land held for resale	-	72,387
Prepaid expenses	(239)	13,272
Accounts payable and accrued liabilities	9,650	(5,730)
Deposit liabilities	482	491
Deferred revenue	(60,947)	(846,023)
	<u>235,617</u>	<u>(768,474)</u>
	<u>1,106,565</u>	<u>979,269</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(966,688)	(1,363,555)
Proceeds on disposal of tangible capital assets	56,583	14,600
	<u>(910,105)</u>	<u>(1,348,955)</u>
INCREASE (DECREASE) IN CASH FLOWS	196,460	(369,686)
CASH - BEGINNING OF YEAR	3,207,432	3,577,118
CASH - END OF YEAR	\$ 3,403,892	\$ 3,207,432

VILLAGE OF KITSCOTY**Schedule of Property Taxes Levied
For the Year Ended December 31, 2024****(Schedule 1)**

	2024 (Budget) (Note 15)	2024 (Actual)	2023 (Actual)
TAXATION			
Real property taxes	\$ 1,048,349	\$ 1,044,178	\$ 1,027,830
Linear property taxes	38,892	48,975	46,205
Government grants in place of property taxes	-	5,800	5,681
	1,087,241	1,098,953	1,079,716
REQUISITIONS			
Alberta School Foundation Fund	233,116	237,792	233,117
NET MUNICIPAL TAXES	\$ 854,125	\$ 861,161	\$ 846,599

VILLAGE OF KITSCOTY**Schedule of Government Transfers****(Schedule 2)****For the Year Ended December 31, 2024**

	2024 (Budget) (Note 15)	2024 (Actual)	2023 (Actual)
TRANSFER FOR OPERATING			
Provincial government	\$ 159,124	\$ 160,264	\$ 159,979
Federal government	-	2,100	4,200
	159,124	162,364	164,179
TRANSFER FOR CAPITAL			
Provincial government	-	298,767	1,196,606
TOTAL GOVERNMENT TRANSFERS	\$ 159,124	\$ 461,131	\$ 1,360,785

VILLAGE OF KITSCOTY
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2024

(Schedule 3)

	Land	Land Improvements	Buildings	Machinery & Equipment	Vehicles	Engineered Structures	Construction in Progress	2024	2023
Cost									
Balance, beginning of year	\$ 724,457	\$ 995,396	\$ 2,561,631	\$ 1,260,274	\$ 561,929	\$ 8,722,881	\$ -	\$ 14,826,568	\$ 13,710,207
Additions	-	-	-	172,763	125,327	606,623	61,975	966,688	1,363,555
Disposals	-	-	-	(110,512)	-	(202,903)	-	(313,415)	(247,194)
Transfers	-	-	-	-	-	-	-	-	-
Balance, end of year	\$ 724,457	\$ 995,396	\$ 2,561,631	\$ 1,322,525	\$ 687,256	\$ 9,126,601	\$ 61,975	\$ 15,479,841	\$ 14,826,568
Accumulated Amortization									
Balance, beginning of year	\$ -	\$ 550,830	\$ 1,376,877	\$ 536,323	\$ 418,170	\$ 3,201,303	\$ -	\$ 6,083,503	\$ 5,812,402
Amortization	-	49,140	50,592	97,801	61,202	242,516	-	501,251	461,642
Disposals	-	-	-	(57,356)	-	(197,701)	-	(255,057)	(190,541)
Balance, end of year	\$ -	\$ 599,970	\$ 1,427,469	\$ 576,768	\$ 479,372	\$ 3,246,118	\$ -	\$ 6,329,697	\$ 6,083,503
Net Book Value	\$ 724,457	\$ 395,426	\$ 1,134,162	\$ 745,757	\$ 207,884	\$ 5,880,483	\$ 61,975	\$ 9,150,144	\$ 8,743,065

The accompanying notes are an integral part of these financial statements

VILLAGE OF KITSCOTY**Schedule of Equity in Tangible Capital Assets****(Schedule 4)****For the Year Ended December 31, 2024**

	2024	2023
BALANCE, BEGINNING OF YEAR	\$ 8,581,563	\$ 7,743,847
Amortization of tangible capital assets	(501,251)	(461,642)
Acquisition of tangible capital assets	966,688	1,363,555
Net book value of tangible capital assets disposed of	(58,358)	(56,653)
Asset retirement obligation accretion	(7,914)	(7,544)
BALANCE, END OF YEAR	\$ 8,980,728	\$ 8,581,563
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	\$ 9,150,144	\$ 8,743,065
Asset retirement obligations	(169,416)	(161,502)
	\$ 8,980,728	\$ 8,581,563

VILLAGE OF KITSCOTY
Schedule of Segmented Disclosure
For the Year Ended December 31, 2024

(Schedule 5)

	General Government	Protective Services	Transportation Services	Environmental Services	Recreation and Culture	All Other	2024	2023
REVENUE								
Net municipal taxes	\$ 861,161	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 861,161	\$ 846,599
Sales and user charges	1,005	-	-	597,743	-	1,410	600,158	656,937
Government transfers	434,649	-	-	-	-	26,482	461,131	1,360,785
Other revenues	45,142	115,568	-	3,526	22,933	351	187,520	186,760
Investment income	154,890	-	-	-	-	-	154,890	117,166
Franchise and concession contracts	124,121	-	-	-	-	-	124,121	78,137
	1,620,968	115,568	-	601,269	22,933	28,243	2,388,981	3,246,384
EXPENSES								
Materials, goods and supplies	16,474	26,409	162,043	347,325	14,204	740	567,195	515,917
Contracted services	193,930	23,077	98,670	106,025	24,272	624	446,598	499,315
Salaries, wages and benefits	215,010	3,009	124,493	13,412	15,487	6,746	378,157	336,287
Transfers to local boards and agencies	-	52,758	-	-	37,957	33,104	123,819	134,426
Accretion expense	1,619	-	-	-	5,281	1,014	7,914	7,544
Other expenses	1,823	-	-	441	-	-	2,264	12,696
	428,856	105,253	385,206	467,203	97,201	42,228	1,525,947	1,506,185
OTHER INCOME								
Amortization of tangible capital assets	(21,008)	(75,097)	(286,193)	(76,169)	(41,694)	(1,090)	(501,251)	(461,642)
Gain (loss) on disposal of tangible capital assets	(5,201)	-	3,426	-	-	-	(1,775)	(42,053)
	(26,209)	(75,097)	(282,767)	(76,169)	(41,694)	(1,090)	(503,026)	(503,695)
ANNUAL SURPLUS (DEFICIT)	\$ 1,165,903	\$ (64,782)	\$ (667,973)	\$ 57,897	\$ (115,962)	\$ (15,075)	\$ 360,008	\$ 1,236,504

The accompanying notes are an integral part of these financial statements

VILLAGE OF KITSCOTY
Notes to Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Kitscoty (the "Village") are the representation of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Village are as follows.

(a) Reporting entity

The financial statements reflect the assets, liabilities, revenues and expenses, changes in net financial position and cash flow of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Village and are, therefore, accountable to Village 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.

(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.

(c) Tax revenue

Property tax revenue is based on market value of assessments determined in accordance with the *Municipal Government Act*. Tax rates are established annually. Taxation revenues are recorded at the time tax notices are issued. Assessments are subject to appeal.

(d) Requisition over-levies and under-levies

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. In situations 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.

(e) 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 occurred, providing the transfers are authorized, any eligibility criteria have been met by the Village, and reasonable estimates of the amounts can be made.

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VILLAGE OF KITSCOTY
Notes to Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Pension expenses

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

(g) 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.

(h) Land held for resale

Land held for resale is recorded at the lower of cost and 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 their respective function.

(i) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement tangible capital assets. Asset retirement activities include all activities related 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.

Asset retirement obligations are initially measured at the later of the date of acquisition or legislative obligation. When a liability for an asset retirement obligation is recognized, the asset retirement costs are added to the carrying amount of the related tangible capital asset in productive use and are amortized over the estimated useful life of the related tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets or for tangible capital assets no longer in productive use are expensed.

When the future retirement date is unknown, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. When the future retirement date is known, a present value technique is used to measure the liability. Subsequent to the initial measurement, the asset retirement obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation and is recognized as an accretion expense in the statement of operations.

(j) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

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VILLAGE OF KITSCOTY
Notes to Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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 asset is amortized over their estimated useful lives on a straight-line basis at the following rates:

Land improvements	15 - 25 Years
Buildings	25 - 50 Years
Machinery and equipment	5 - 20 Years
Vehicles	10 - 25 Years
Engineered structures	
Other engineered systems	35 - 50 Years
Water system	45 - 75 Years
Wastewater system	35 - 75 Years

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

100% amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(l) 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, 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 these estimates.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, contaminated sites, future cash flows associated with asset retirement obligations, and contingent liabilities are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the financial statements

(m) New Accounting Policies Adopted During the Year

PS 3400, Revenue, a new standard establishing guidance on how to account for and report on revenue. The standard provides a framework for recognizing, measuring and reporting revenues that arise from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payer. This section may be applied retroactively or prospectively.

During the year, the Village adopted PS3400 with respect to revenue. The Village adopted this standard prospectively and continues to recognize revenue as performance obligations are met. Any revenue transactions with no performance obligations are recognized at the time when revenue recognition criteria are met through the application of PS 3400. There has been no current year impact on the Village's financial statements.

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VILLAGE OF KITSCOTY
Notes to Financial Statements
Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

PSG-8, Purchased intangibles, provides guidance on accounting for and reporting on purchased intangible capital assets. It provides clarity on the recognition criteria, along with instances of assets that would not meet the definition of such. Application may be made either retroactively or prospectively in accordance with PS 2120 Accounting Changes.

During the year, the Village adopted PSG-8 with respect to purchased intangibles. The Village has applied this standard prospectively and the standard change has had no impact on the Village's financial statements.

PS 3160, Public private partnerships, a new standard establishing guidance on how to account for and report on partnerships between public and private sector entities. Specifically those in which the entity in the public sector procures infrastructure in conjunction with a private sector entity. In these scenarios the private sector entity must have obligations to design, build, acquire or improve existing infrastructure. Furthermore they must also finance the transaction past the point in which the asset is initially ready for use along with operating and/or maintaining such on an ongoing basis. The standard may be applied either retroactively (with or without prior period restatement) or prospectively.

During the year, the Village adopted PS 3160 with respect to public private partnerships. The Village has applied this standard prospectively and the standard change has had no impact on the Village's financial statements.

(n) Future changes in significant accounting policies

The following summarizes upcoming changes to the Canadian public sector accounting standards. The Village will continue to assess the impact and prepare for the adoption of these standards

(i) Financial Statement Presentations

PS 1202, Financial Statement Presentation, sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement principles are based on the concepts in the Conceptual Framework for Financial Reporting in the Public Sector. This standard is applicable to fiscal years beginning on or after April 1, 2026.

2. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2024	2023
Current taxes and grants in lieu of taxes	\$ 102,366	\$ 107,356
Arrears taxes receivable	21,335	47,614
	\$ 123,701	\$ 154,970

3. TRADE AND OTHER RECEIVABLES

	2024	2023
Goods and Services Tax recoverable	\$ 85,034	\$ 76,760
Trade accounts receivable	67,223	330,899
	\$ 152,257	\$ 407,659

VILLAGE OF KITSCOTY
Notes to Financial Statements
Year Ended December 31, 2024

4. OPERATING LINE OF CREDIT

The Village has a revolving demand credit facility with ATB Financial that can drawn upon to a maximum of \$1,000,000. The facility bears interest at prime plus 1.00% per annum and is secured by a promissory note. As at December 31, 2024 no amounts had been drawn on the facility (2023-\$NIL).

The Village has access to borrow from Alberta Municipal Services Corporation a total of \$30,000 by way of a Bank of Montreal Business Mastercard, repayable upon demand at a rate of interest per annum not to exceed 19.5% and is unsecured.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Payable to other governments	\$ 65,058	\$ 54,548
Trades and other accrued liabilities	47,886	45,762
Employee benefit obligation	8,771	11,755
	\$ 121,715	\$ 112,065

Employee benefit obligation is comprised of the vacation and sick time that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

6. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts, which have been received from various third parties and are restricted to the eligible operating and capital projects as approved in the funding agreements for a specified purpose. Additions are composed of both contributions and interest earned during the year. These amounts are recognized as revenue in the period in which the related costs are incurred.

	2023	Funding Received	Revenue Recognized	2024
Canada Community Building Fund	\$ 178,022	\$ 105,083	\$ (77,325)	\$ 205,780
Alberta Community Partnership	70,469	1,837	(21,886)	50,420
Other deferred revenue	40,186	38,754	(40,186)	38,754
Municipal Sustainability Initiative	67,224	132,333	(199,557)	-
	\$ 355,901	\$ 278,007	\$ (338,954)	\$ 294,954

VILLAGE OF KITSCOTY
Notes to Financial Statements
Year Ended December 31, 2024

7. ASSET RETIREMENT OBLIGATIONS

Tangible capital assets with associated retirement obligations include buildings.

The Village has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from various buildings under its control. Regulations require the Village to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the Village to remove the materials when the asset retirement activities occur.

	2024	2023
Balance, beginning of year	\$ 161,502	\$ 153,958
Net change in the year		
Accretion expense	<u>7,914</u>	<u>7,544</u>
Balance, end of year	<u>\$ 169,416</u>	<u>\$ 161,502</u>

Asset retirement obligations of \$169,416 (2023 - \$161,502) was measured using present value technique. The present value was calculated using estimated total undiscounted cash flows amounting to \$279,000 (2023 - \$279,000), a discount rate of 4.90% (2023 - 4.90%), with retirement and reclamation activities expected to be settled between 2038 and 2063.

8. 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 Village be disclosed as follows:

	2024	2023
Total debt limit	\$ 3,135,321	\$ 3,074,667
Total debt	<u>-</u>	<u>-</u>
Amount of debt limit unused	<u>\$ 3,135,321</u>	<u>\$ 3,074,667</u>
Debt servicing limit	\$ 522,554	\$ 512,445
Debt servicing	<u>-</u>	<u>-</u>
Amount of service on debt limit unused	<u>\$ 522,554</u>	<u>\$ 512,445</u>

The debt limit is calculated at 1.5 times revenue of the Village (as defined in *Alberta Regulation 255/2000*) and the debt service limit is calculated at 0.25 times such revenue. 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 financial stability of the Village. Rather, the financial statements must be interpreted as a whole.

VILLAGE OF KITSCOTY
Notes to Financial Statements
Year Ended December 31, 2024

9. ACCUMULATED SURPLUS

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

	<u>2024</u>	<u>2023</u>
Unrestricted	\$ 2,169,366	\$ 2,446,126
Reserves		
Infrastructure stabilization reserve	479,904	479,904
Water capital reserve	337,534	251,990
General administration reserve	317,706	217,706
Fire capital equipment reserve	283,112	231,053
Parks and trail reserve	14,396	14,396
Fire capital reserve	12,138	12,138
Road capital reserve	8,922	8,922
Road maintenance reserve	8,263	8,263
Recycle reserve	6,668	6,668
Celebration legacy fund	6,416	6,416
	<u>1,475,059</u>	<u>1,237,456</u>
Equity in tangible capital assets (Schedule 4)	8,980,728	8,581,563
	<u>\$ 12,625,153</u>	<u>\$ 12,265,145</u>

10. FUNDS HELD IN TRUST

The Village administers the following trust funds on behalf of third parties. As related trust assets are not owned by the Village, the trusts have been excluded from the financial statements.

	<u>2024</u>	<u>2023</u>
Tax sale surplus	<u>\$ 61,163</u>	<u>\$ 58,683</u>

11. FRANCHISE AND CONCESSION CONTRACTS

Disclosure of utility franchise agreement annual revenues as required by *Alberta Regulation 313/2000* is as follows:

	<u>2024</u>	<u>2023</u>
ATCO Electric	\$ 85,525	\$ 53,552
ATCO Gas	<u>38,596</u>	<u>24,585</u>
	<u>\$ 124,121</u>	<u>\$ 78,137</u>

VILLAGE OF KITSCOTY
Notes to Financial Statements
Year Ended December 31, 2024

12. DEFINED CONTRIBUTION SAVINGS PLAN

Employees of the Village are required to participate in the Village's Defined Contribution Savings Plan (the "Plan") upon successful completion of their probationary period. Employees may choose the percentage of their wage to contribute to the Plan, which will be matched by the Village, up to the maximum percentage based on each employee's length of service. Contribution rates range between 5-7%.

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

Current service contributions to the Plan made by the Village totaled \$11,539 (2023 - \$10,835).

13. CONTINGENT LIABILITIES

The Village is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of membership, the Village could become liable for its proportionate shares 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.

14. FINANCIAL RISK MANAGEMENT

The Village's financial instruments consist of cash, taxes and grants in place of taxes receivable, trade and other receivables, accounts payable and accrued liabilities, and deposit liabilities. It is management's opinion that the Village is not exposed to significant market, liquidity and currency risk arising from these financial instruments.

The Village is exposed 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 Village provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

The Village is exposed to interest rate risk with respect to the operating line of credit. Interest rate risk arises from interest rate fluctuations through its variable interest line of credit. As at December 31, 2024, no balance was drawn on the operating line of credit.

Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

15. BUDGET

Budget figures presented in these financial statements are based on the 2024 operating and capital budgets adopted by Council on March 18, 2024.

16. APPROVAL OF THE FINANCIAL STATEMENTS

Council and management have approved these financial statements on April 7, 2025.

VILLAGE OF KITSCOTY
Notes to Financial Statements
Year Ended December 31, 2024

17. SEGMENTED DISCLOSURE

The Village provides a range of services to its taxpayers. For each reported segment, revenues and expenses 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.

(a) General Government

General Government is comprised of Village Council, the Office of the Chief Administrative Officer, and Corporate Services. Corporate Services is comprised of Financial Services and Human Resources.

Council makes decisions regarding service delivery and service levels on behalf of the Village in order to balance the needs and wants of Village residents in a financial responsible manner.

(b) Protective Services

Protective Services is comprised of Fire and Municipal Enforcement Services. Fire Services is responsible to provide fire suppression services; fire prevention programs; training and education related to fire prevention; and the detection and/or extinguishments of fires. Municipal Enforcement Services provide bylaw enforcement that ranges from community standards, to traffic safety, to animal control as well as provincial statute enforcement with authorities granted by the Solicitor General of Alberta.

(c) Transportation

Transportation is comprised of Common Services and the Public Works area. They are responsible for the maintenance of the roadway and storm systems of the Village.

(d) Environment Services

Environmental Services are comprised of water, waste water, and waste management services. They are responsible for providing a water supply, a sanitary sewage collection and disposal system, and a waste disposal service.

(g) Recreation and Culture

Recreation and Culture provide recreational and cultural services and activities which promote the well-being of its citizens. These areas are responsible for the parks, playgrounds, facilities, and green spaces of the Village. This area also acts as a liaison between community groups and providing grant funding.

(e) All Other

All Other includes cemetery maintenance and public health. Public health provides services mandated by Family and Community Support Services Alberta through a shared funding model between the Province of Alberta and the Village.

Certain allocation methodologies are employed in the preparation of segmented financial information. Net municipal taxes are unallocated to segments and are presented under General Revenue. Sales and user charges have been allocated to the segment based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. For additional information see the Schedule of Segmented Disclosure (Schedule 5).

VILLAGE OF KITSCOTY
Notes to Financial Statements
Year Ended December 31, 2024

18. SALARIES AND BENEFITS DISCLOSURE

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

	Salary (1)	Benefits (2)	2024	2023
Mayor J. Bell	\$ 9,000	\$ 378	\$ 9,378	\$ 9,327
Deputy Mayor D. Roth	8,100	48	8,148	8,100
Councillor G. Barr	6,600	235	6,835	6,784
Councillor D. Frank	6,600	235	6,835	6,784
Councillor K. Miciak	6,600	235	6,835	6,784
	<u>\$ 36,900</u>	<u>\$ 1,131</u>	<u>\$ 38,031</u>	<u>\$ 37,779</u>
Chief Administrative Officer	\$ 97,294	\$ 9,922	\$ 107,216	\$ 115,579

(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 health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.