

**TOWN OF CARDSTON**  
**Consolidated Financial Statements**  
**Year Ended December 31, 2024**

**TOWN OF CARDSTON**  
**Table of Contents**  
**Year Ended December 31, 2024**

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	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Financial Assets (Debt)	6
Consolidated Statement of Cash Flows	7
Consolidated Schedule of Changes in Accumulated Surplus ( <i>Schedule 1</i> )	8
Consolidated Schedule of Tangible Capital Assets ( <i>Schedule 2</i> )	9
Consolidated Schedule of Property and Other Taxes ( <i>Schedule 3</i> )	10
Consolidated Schedule of Government Transfers ( <i>Schedule 4</i> )	11
Consolidated Schedule of Consolidated Expenses by Object ( <i>Schedule 5</i> )	12
Consolidated Schedule of Segmented Disclosure ( <i>Schedule 6</i> )	13
Notes to Consolidated Financial Statements	14 - 24

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements are the responsibility of the management of the Town of Cardston (the "Town").

These consolidated financial statements have been prepared from information provided by management. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council meets periodically with management and the external auditors to review significant accounting, reporting and internal control matters. Following its review of the consolidated financial statements and discussions with the auditors, the Council approves of the consolidated financial statements. The Council approves the appointment of the external auditors and reviews the monthly financial reports.

The consolidated financial statements have been audited by Shawn Cook Professional Corporation, Chartered Professional Accountants, the external auditor, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Town. Shawn Cook Professional Corporation has full and free access to the Council.

  
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CAO

Cardston, Alberta



## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Council of the Town of Cardston**

#### **Opinion**

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

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

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

*Shawn Cook*  
*Professional Corporation*

Lethbridge, Alberta  
April 29, 2025

Chartered Professional Accountants



**TOWN OF CARDSTON**  
**Consolidated Statement of Financial Position**  
**December 31, 2024**

	2024	2023
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments <i>(Note 2)</i>	\$ 4,896,128	\$ 4,517,890
Taxes receivable <i>(Note 3)</i>	152,800	92,074
Trade accounts receivable <i>(Note 3)</i>	1,580,049	991,500
Investments <i>(Note 4)</i>	6,092,539	5,728,888
	<u>12,721,516</u>	<u>11,330,352</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	667,842	784,883
Employee benefit obligation <i>(Note 5)</i>	177,365	160,353
Deferred income <i>(Note 6)</i>	1,147,390	1,243,855
Long term debt <i>(Note 8)</i>	2,114,812	2,283,848
	<u>4,107,409</u>	<u>4,472,939</u>
<b>NET FINANCIAL ASSETS</b>	<u>8,614,107</u>	<u>6,857,413</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	14,464	16,530
Land held for resale	326,385	392,803
Inventory	1,060,915	912,995
Tangible capital assets <i>(Schedule 2)</i>	51,323,514	51,152,955
	<u>52,725,278</u>	<u>52,475,283</u>
<b>ACCUMULATED SURPLUS</b> <i>(Schedule 1 and Note 13)</i>	<u>\$ 61,339,385</u>	<u>\$ 59,332,696</u>

COMMITMENTS AND CONTINGENCIES *(Note 17)*

Approved on behalf of Council:

  
 \_\_\_\_\_ Chief Elected Officer  
  
 \_\_\_\_\_ Councillor

**TOWN OF CARDSTON**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023
<b>REVENUE</b>			
User fees and sales of goods	\$ 7,479,573	\$ 7,736,680	\$ 7,337,423
Net municipal taxes <i>(Schedule 3)</i>	3,182,086	3,170,684	2,946,554
Government transfers for operating <i>(Schedule 4)</i>	1,064,072	1,042,788	1,015,471
Investment income	122,000	484,409	274,398
ATCO natural gas franchise contract	220,600	204,844	181,438
Licenses and permits	35,900	80,836	46,363
Penalties and costs of taxes	22,000	34,310	32,358
Gain on disposal of tangible capital assets	46,300	-	3,751
	<u>12,172,531</u>	<u>12,754,551</u>	<u>11,837,756</u>
<b>EXPENSES</b>			
Legislative	150,600	118,501	118,880
Administration	899,434	834,323	767,324
Bylaw enforcement	466,605	392,130	344,542
Fire services	133,000	122,523	212,711
Emergency measures and disaster service	5,000	5,203	4,402
Ambulance services and first aid	4,600	4,581	4,581
Public works	1,943,853	1,886,416	1,788,088
Wastewater treatment and disposal	1,485,400	1,188,736	1,254,034
Water supply and distribution	1,352,500	939,111	1,005,026
Waste management	397,055	379,120	366,652
Family and community support services	290,006	289,037	280,500
Other public health and welfare	500	500	500
Cemeteries and crematoriums	64,400	38,086	42,699
Land use planning and development	270,350	250,779	266,679
Economic and agricultural development	220,050	189,299	164,424
Parks and recreation	2,798,217	2,523,307	2,688,959
Culture - libraries, museums, halls	346,300	326,462	319,955
Electrical distribution	2,506,946	2,419,399	2,435,600
	<u>13,334,816</u>	<u>11,907,513</u>	<u>12,065,556</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	(1,162,285)	847,038	(227,800)
<b>OTHER</b>			
Government transfers for capital <i>(Schedule 4)</i>	8,144,604	1,159,651	873,631
<b>EXCESS OF REVENUE OVER EXPENSES</b>	6,982,319	2,006,689	645,831
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	59,332,696	59,332,696	58,686,865
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 66,315,015</u>	<u>\$ 61,339,385</u>	<u>\$ 59,332,696</u>

**TOWN OF CARDSTON****Consolidated Statement of Changes in Net Financial Assets (Debt)****Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ 6,982,319	\$ 2,006,689	\$ 645,831
Amortization of tangible capital assets	2,553,400	2,760,715	2,699,167
Acquisition of tangible capital assets	(19,025,270)	(3,114,675)	(2,366,323)
Proceeds on disposal of tangible capital assets	-	133,732	23,952
Loss (gain) on disposal of tangible capital assets	(46,300)	49,670	(3,751)
	(16,518,170)	(170,558)	353,045
Use of prepaid expenses	-	2,066	(16,530)
(Increase) in inventory	-	(147,920)	(366,353)
Decrease in land held for resale	-	66,417	-
	-	(79,437)	(382,883)
	(16,518,170)	(249,995)	(29,838)
<b>CHANGE IN NET FINANCIAL ASSETS</b>	(9,535,851)	1,756,694	615,993
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	6,857,413	6,857,413	6,241,420
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ (2,678,438)	\$ 8,614,107	\$ 6,857,413



**TOWN OF CARDSTON**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2024**

	2024	2023
<b>OPERATING</b>		
Excess of revenue over expenses	\$ 2,006,689	\$ 645,831
Non-cash items included in excess of revenue over expenses		
Amortization	2,760,715	2,699,167
(Gain)/loss on disposal of tangible capital assets	49,670	(3,751)
	<u>4,817,074</u>	<u>3,341,247</u>
Changes in non-cash working capital:		
Taxes receivable	(60,726)	(5,709)
Trade accounts receivable	(588,549)	673,074
Accounts payable and accrued liabilities	(117,042)	199,828
Employee benefit obligation	17,012	22,193
Deferred income	(96,465)	538,240
Prepaid expenses	2,066	(16,530)
Land held for resale	66,418	-
Inventory	(147,919)	(366,354)
	<u>(925,205)</u>	<u>1,044,742</u>
	<u>3,891,869</u>	<u>4,385,989</u>
<b>CAPITAL</b>		
Purchase of tangible capital assets	(3,114,675)	(2,366,323)
Proceeds on disposal of tangible capital assets	133,732	23,952
	<u>(2,980,943)</u>	<u>(2,342,371)</u>
<b>INVESTING</b>		
Purchase of investments	(2,099,251)	(2,417)
Proceeds on sale of investments	1,735,600	66,185
	<u>(363,651)</u>	<u>63,768</u>
<b>FINANCING</b>		
Repayment of long-term debt	(169,037)	(163,399)
	<u>(169,037)</u>	<u>(163,399)</u>
<b>CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR</b>	<b>378,238</b>	<b>1,943,987</b>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<u><b>4,517,890</b></u>	<u><b>2,573,903</b></u>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR (Note 2)</b>	<u><b>\$ 4,896,128</b></u>	<u><b>\$ 4,517,890</b></u>

**TOWN OF CARDSTON**

**Schedule of Changes in Accumulated Surplus**

**(Schedule 1)**

**Year Ended December 31, 2024**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2024	2023
<b>BALANCE, BEGINNING OF THE YEAR</b>	\$ 976,589	\$ 9,487,000	\$ 48,869,107	\$ <b>59,332,696</b>	\$ 58,686,865
Excess of revenue over expenses	2,006,689	-	-	<b>2,006,689</b>	645,831
Unrestricted funds designated for future use	(1,203,749)	1,203,749	-	-	-
Restricted funds used for operations	124,800	(124,800)	-	-	-
Restricted funds used for tangible capital assets	-	(1,346,640)	1,346,640	-	-
Current year funds used for tangible capital assets	(1,768,035)	-	1,768,035	-	-
Annual amortization expense	2,760,715	-	(2,760,715)	-	-
Long-term debt repaid	(169,037)	-	169,037	-	-
Disposal of tangible capital assets	183,402	-	(183,402)	-	-
Change in accumulated surplus	1,934,785	(267,691)	339,595	<b>2,006,689</b>	645,831
<b>BALANCE, END OF THE YEAR</b>	\$ 2,911,374	\$ 9,219,309	\$ 49,208,702	\$ <b>61,339,385</b>	\$ 59,332,696

**TOWN OF CARDSTON**  
**Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2024**

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2024	2023
<b>COST</b>								
BALANCE, BEGINNING OF YEAR	\$ 2,054,568	\$ 3,754,471	\$ 10,805,916	\$ 76,969,641	\$ 10,871,645	\$ 1,941,388	\$ 106,397,629	\$ 104,380,808
Acquisition of tangible capital assets	-	173,550	52,270	1,436,062	676,328	167,787	2,505,997	1,920,297
Construction in-progress	-	-	30,981	577,697	-	-	608,678	446,025
Disposal of tangible capital assets	-	-	-	(407,093)	(110,299)	(51,157)	(568,549)	(349,501)
BALANCE, END OF YEAR	2,054,568	3,928,021	10,889,167	78,576,307	11,437,674	2,058,018	108,943,755	106,397,629
<b>ACCUMULATED AMORTIZATION</b>								
BALANCE, BEGINNING OF YEAR	-	2,048,253	4,941,148	42,586,340	4,412,117	1,256,816	55,244,674	52,874,808
Annual amortization	-	154,071	230,780	1,520,258	735,698	119,908	2,760,715	2,699,167
Accumulated amortization on disposals	-	-	-	(320,009)	(13,982)	(51,157)	(385,148)	(329,301)
BALANCE, END OF YEAR	-	2,202,324	5,171,928	43,786,589	5,133,833	1,325,567	57,620,241	55,244,674
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 2,054,568</b>	<b>\$ 1,725,697</b>	<b>\$ 5,717,239</b>	<b>\$ 34,789,718</b>	<b>\$ 6,303,841</b>	<b>\$ 732,451</b>	<b>\$ 51,323,514</b>	<b>\$ 51,152,955</b>
2023 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 2,054,568	\$ 1,706,218	\$ 5,864,768	\$ 34,383,301	\$ 6,459,528	\$ 684,572	\$ 51,152,955	

**TOWN OF CARDSTON**  
**Schedule of Property and Other Taxes**  
**Year Ended December 31, 2024**

**(Schedule 3)**

	Budget (Unaudited)	2024	2023
<b>TAXATION</b>			
Real property taxes	\$ 4,336,476	\$ 4,287,248	\$ 3,959,578
Government grants in place of property taxes	-	38,949	36,574
	<u>4,336,476</u>	<u>4,326,197</u>	<u>3,996,152</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	1,077,776	1,079,299	976,792
Chinook Foundation	76,214	76,214	72,806
Designated industrial property	400	-	-
	<u>1,154,390</u>	<u>1,155,513</u>	<u>1,049,598</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u>\$ 3,182,086</u>	<u>\$ 3,170,684</u>	<u>\$ 2,946,554</u>

**TOWN OF CARDSTON**  
**Schedule of Government Transfers**  
**Year Ended December 31, 2024**

**(Schedule 4)**

	Budget (Unaudited)	2024	2023
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	\$ 892,229	\$ 899,845	\$ 832,579
Federal Government	33,900	5,000	27,400
Other Local Government	137,943	137,943	155,492
	<u>1,064,072</u>	<u>1,042,788</u>	<u>1,015,471</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	1,048,004	1,071,125	791,836
Federal Government	-	-	40,450
Other Local Government	7,096,600	88,526	41,345
	<u>8,144,604</u>	<u>1,159,651</u>	<u>873,631</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 9,208,676</u>	<u>\$ 2,202,439</u>	<u>\$ 1,889,102</u>

**TOWN OF CARDSTON**

**Schedule of Consolidated Expenses by Object  
Year Ended December 31, 2024**

**(Schedule 5)**

	Budget (Unaudited)	2024	2023
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages, and benefits	\$ 3,775,428	\$ 3,472,246	\$ 3,258,924
Contracted and general services	3,636,929	3,284,380	3,496,580
Materials, goods, and utilities	2,782,272	1,937,931	2,197,410
Transfers, to local boards and agencies	271,481	262,767	252,205
Interest on long-term debt	244,946	73,020	78,445
Loss on disposal of tangible capital assets	-	49,670	-
Other expenses	49,860	39,370	60,477
Bank charges and short-term interest	20,500	27,414	22,348
Amortization of tangible capital assets	2,553,400	2,760,715	2,699,167
	<u>\$ 13,334,816</u>	<u>\$ 11,907,513</u>	<u>\$ 12,065,556</u>

**TOWN OF CARDSTON**  
**Schedule of Segmented Disclosure**  
**Year Ended December 31, 2024**

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health Services	Planning and development	Recreation and culture	Electrical	Total
<b>REVENUE</b>									
User fees and sales of goods	\$ 52,520	\$ 51,575	\$ 254,397	\$ 3,136,302	\$ 27,174	\$ 99,502	\$ 1,314,099	\$ 2,801,111	\$ 7,736,680
Net municipal taxes	3,170,684	-	-	-	-	-	-	-	3,170,684
Government transfers	632,162	-	811,934	246,416	267,682	12,776	231,469	-	2,202,439
Investment income	484,409	-	-	-	-	-	-	-	484,409
ATCO Franchise contract	204,844	-	-	-	-	-	-	-	204,844
Other revenues	34,310	80,411	-	-	425	-	-	-	115,146
	4,578,929	131,986	1,066,331	3,382,718	295,281	112,278	1,545,568	2,801,111	13,914,202
<b>EXPENSES</b>									
Salaries, wages and benefits	526,846	139,804	623,543	500,613	82,327	229,738	1,078,289	291,086	3,472,246
Contracted and general services	224,255	320,996	193,165	612,526	53,515	113,088	345,272	1,421,563	3,284,380
Materials, goods, and supplies	85,130	43,997	274,688	546,002	3,531	63,528	806,531	114,524	1,937,931
Transfers to local boards	45,017	-	-	-	187,750	30,000	-	-	262,767
Interest on long-term debt	-	-	-	-	-	-	-	73,020	73,020
Loss on disposal of tangible capital assets	-	-	49,670	-	-	-	-	-	49,670
Other expenses	35,146	-	-	-	500	3,724	-	-	39,370
Bank charges and short-term interest	17,911	-	-	-	-	-	9,503	-	27,414
	934,305	504,797	1,141,066	1,659,141	327,623	440,078	2,239,595	1,900,193	9,146,798
<b>NET REVENUE BEFORE AMORTIZATION</b>									
	3,644,624	(372,811)	(74,735)	1,723,577	(32,342)	(327,800)	(694,027)	900,918	4,767,404
Amortization expense	18,519	19,640	745,350	847,826	-	-	610,174	519,206	2,760,715
<b>NET REVENUE</b>	<b>\$ 3,626,105</b>	<b>\$ (392,451)</b>	<b>\$ (820,085)</b>	<b>\$ 875,751</b>	<b>\$ (32,342)</b>	<b>\$ (327,800)</b>	<b>\$ (1,304,201)</b>	<b>\$ 381,712</b>	<b>\$ 2,006,689</b>

**TOWN OF CARDSTON**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Cardston (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:

Reporting Entity

The consolidated 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 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.

Basis of Accounting

The consolidated 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.

Use of Estimates

The preparation of consolidated 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, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Certain areas subject to estimates and assumptions include the useful lives of property and equipment and provisions for impairment of accounts receivable.

*(continues)*



**TOWN OF CARDSTON**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES *(continued)***

Revenue recognition

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues and the amounts to be received can be reasonably estimated and collection is reasonably assured.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payer. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered.

User charges for which the related services have yet to be performed are recognized when related expenses are incurred, benefits are achieved, or tangible capital assets are acquired. Revenue on investments, fine, and penalties are recognized when earned.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition.

Investments

Investments are recorded at 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.

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.

Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

*(continues)*

**TOWN OF CARDSTON**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

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 a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

Asset Retirement Obligation

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

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

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

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 consolidated 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.

*(continues)*

**TOWN OF CARDSTON**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 consolidated Change in Net Financial Assets (Debt) for the year.

**i. Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Land improvements	10 - 30
Buildings	25 - 50
Engineered structures	5 - 80
Machinery and equipment	5 - 40
Vehicles	10 - 40

Amortization is recorded in the month that the asset is purchased and is prorated in the first and last year, based on the number of months used. 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. Leases**

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

**iv. Inventories**

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

**v. Cultural and Historical Tangible Capital Assets**

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

**TOWN OF CARDSTON**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2024</u>	<u>2023</u>
Cash	\$ 4,597,387	\$ 4,231,315
Temporary investments	<u>298,741</u>	<u>286,575</u>
	<b><u>\$ 4,896,128</u></b>	<b><u>\$ 4,517,890</u></b>

Temporary investments are short-term deposits with original maturities of a year or less and consists of GIC with an interest rate of 4.90% (2023 - 4.25%). The investment matures in May 2025.

The Town has available a \$500,000 overdraft facility with 1st Choice Savings and Credit Union which bears interest at 5.45% per annum when in use. The overdraft is issued on the credit and security of the Town at large. There is no overdraft at year end (2023 - nil).

The Town has multiple demand lines of credit with 1st Choice Savings and Credit Union with a combined authorized limit of \$1,018,001 which all bear interest at 5.45%, secured by a general agreement. There is nil (2023 - nil) balance on the lines of credit at year end.

Included in cash and temporary investments is a restricted amount of \$273,671 (2023 - \$494,783) received from various grant programs which are held exclusively for approved projects (Note 6).

**3. RECEIVABLES**

	<u>2024</u>	<u>2023</u>
<b>Property taxes</b>		
Current taxes and grants in place of taxes	\$ 118,825	\$ 74,799
Arrears	<u>33,975</u>	<u>17,275</u>
	<b><u>152,800</u></b>	<b><u>92,074</u></b>
<b>Trade and other</b>		
Electrical and billed services	570,784	606,750
Grants	431,759	40,528
Trade	410,310	270,883
Accrued interest	127,827	37,429
Goods and Services Tax (GST)	<u>39,369</u>	<u>35,910</u>
	<b><u>1,580,049</u></b>	<b><u>991,500</u></b>

**TOWN OF CARDSTON**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

**4. INVESTMENTS**

	2024 Cost	2024 Market value	2023 Cost	2023 Market value
Short-term notes and deposits	\$ 700,000	\$ 695,660	\$ 1,300,000	\$ 1,279,455
Principal protected notes	3,334,500	3,418,589	1,928,200	1,862,720
Long-term notes and deposits	2,048,869	1,919,960	2,494,335	2,357,898
UFA Equity	9,165	9,165	6,348	6,348
MUNIX ( <i>Note 17</i> )	5	5	5	15
	<u>\$ 6,092,539</u>	<u>\$ 6,043,379</u>	<u>\$ 5,728,888</u>	<u>\$ 5,506,436</u>

Short-term notes and deposits has an effective interest rate of 2.89% (2023 - 2.02% - 2.89%) and mature in less than one year. Long-term notes and deposits have effective interest rates of 1.68% to 3.44% (2023 - 1.68% to 3.44%) and mature in periods between 2025 and 2031. Principal protected notes have guaranteed principal repayments and are cashable on demand, without penalty. Accrued interest on these principal protected notes is not realized until maturity and is based on the performance of the TSX index.

**5. EMPLOYEE BENEFIT OBLIGATION**

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

**6. DEFERRED REVENUE**

	2024	2023
Prepaid taxes	\$ 855,419	\$ 740,799
Alberta Municipal Water/Wastewater Partnership	270,761	485,490
Deposits received	18,300	8,273
Alberta Historic Resources Foundation	2,910	2,910
Family and Community Support Services	-	6,383
	<u>\$ 1,147,390</u>	<u>\$ 1,243,855</u>

**7. CONTAMINATED SITES LIABILITY**

The Town has adopted PS3260 Liability for Contaminated Sites. The Town did not identify any financial liabilities (2023 - nil) as a result of this standard.

**TOWN OF CARDSTON**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

**8. LONG TERM DEBT**

	<u>2024</u>	<u>2023</u>
Enmax Solar Panel Loans	<u>\$ 2,114,812</u>	<u>\$ 2,283,848</u>

The current portion of long-term debt amounts to \$174,871 (2023 - \$163,399)

Principal repayment terms are approximately:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 174,871	\$ 69,791	\$ 244,662
2026	180,909	63,753	244,662
2027	187,158	57,504	244,662
2028	193,626	51,036	244,662
2029	200,320	44,342	244,662
Thereafter	<u>1,177,928</u>	<u>114,178</u>	<u>1,292,106</u>
	<u>\$ 2,114,812</u>	<u>\$ 400,604</u>	<u>\$ 2,515,416</u>

The loans from Enmax for the purchase of solar panels mature in 2032 and 2035 with annual payments of \$244,662 (including GST) at 2.00% and 3.50% interest per annum.

The total amount of interest recognized for long-term debt amounted to \$73,020 (2023 - \$78,445).

The Town's total cash payments for interest on long-term debt in 2024 were \$72,548 (2023 - \$78,091).

**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 be disclosed as follows:

	<u>2024</u>	<u>2023</u>
Total debt limit	<u>\$ 19,131,827</u>	\$ 17,756,634
Total debt	<u>(2,114,812)</u>	(2,283,848)
Amount of debt limit unused	<u>17,017,015</u>	<u>15,472,786</u>
Debt servicing limit	<u>3,188,638</u>	2,959,439
Debt servicing	<u>(244,662)</u>	(244,662)
Amount of debt servicing limit unused	<u>2,943,976</u>	<u>2,714,777</u>

The debt limit is calculated at 1.5 times revenue of the Town (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 Town. Rather, the consolidated financial statements must be interpreted as a whole.

## TOWN OF CARDSTON

### Notes to Consolidated Financial Statements

Year Ended December 31, 2024

#### 10. ASSET RETIREMENT OBLIGATION

The Town has adopted PS3280 Asset Retirement Obligation. The Town did not identify any financial liabilities (2023 - nil) as a result of this standard.

#### 11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2024	2023
Tangible capital assets (Schedule 2)	\$ 108,943,755	\$ 106,397,629
Accumulated amortization (Schedule 2)	(57,620,241)	(55,244,674)
Long-term debt (Note 8)	(2,114,812)	(2,283,848)
	<u>\$ 49,208,702</u>	<u>\$ 48,869,107</u>

#### 12. SEGMENTED DISCLOSURE

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

Refer to the Schedule of Segmented Disclosure (Schedule 6).

#### 13. ACCUMULATED SURPLUS

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

	2024	2023
Unrestricted surplus	\$ 2,911,374	\$ 976,589
Restricted surplus		
General government	3,273,104	3,230,000
Protective and emergency services	427,070	366,000
Public works and transportation	522,308	560,000
Environmental services: water	1,142,849	995,000
Environmental services: wastewater	182,395	370,000
Environmental services: garbage	170,000	160,000
Public health services	346,000	346,000
Planning and development	693,500	699,000
Parks, recreation and culture	1,684,807	1,972,000
Electrical	777,276	789,000
Equity in tangible capital assets (Note 11)	<u>49,208,702</u>	<u>48,869,107</u>
	<u>\$ 61,339,385</u>	<u>\$ 59,332,696</u>

**TOWN OF CARDSTON**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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**14. BUDGET AMOUNTS**

The 2024 budget for the Town was approved by Council on May 14, 2024 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and principal payments on debt. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these consolidated financial statements.

	<u>Budget</u>
Surplus per consolidated financial statements	\$ 6,982,319
Less: Capital expenses, net	(19,025,270)
Transfer to reserves	(1,133,749)
Add: Amortization	2,553,400
Transfers from reserves	3,990,300
Loan proceeds	<u>6,633,000</u>
Equals approved budget	<u>\$ -</u>

**15. LOCAL AUTHORITIES PENSION PLAN**

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. 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% (2023 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (2023 - 12.23%) on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2024 were \$181,976 (2023 - \$146,295). Total current service contributions by the employees of the Town to the LAPP in 2024 were \$161,886 (2023 - \$130,325).

At December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.057 billion; the 2024 LAPP actuarial balance was not available at the date of this report.



**TOWN OF CARDSTON**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

**16. SALARY AND BENEFITS DISCLOSURE**

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

	Salary (1)	Benefits & Allowances (2)	2024	2023
Mayor Kronen	\$ 20,100	\$ -	\$ <b>20,100</b>	\$ 19,410
Councillor Brown	15,620	721	<b>16,341</b>	16,521
Councillor Burton	13,445	592	<b>14,037</b>	12,008
Councillor Court	12,575	-	<b>12,575</b>	14,155
Councillor Grainger	13,705	-	<b>13,705</b>	14,260
Councillor Jensen	13,705	-	<b>13,705</b>	14,827
Councillor Kenly	10,750	431	<b>11,181</b>	11,663
Chief Administrative Officer	145,897	27,747	<b>173,644</b>	173,932
Designated officers (3 positions)	212,331	29,487	<b>241,818</b>	236,598

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

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition, if any.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships, if any.

**17. COMMITMENTS AND CONTINGENCIES**

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

Employees of the Town are allowed to accrue sick leave up to a maximum of 120 days. As at December 31, 2024 the amount of accumulated sick leave was \$694,536 (2023 - \$648,356). The total amount was not recorded in the consolidated financial statements as there is no certainty the full amount will be used. The amount of accumulated sick leave is not paid out to employees of the Town when they leave their position.

The Town has ongoing agreements for electricity, recycling, and solid waste collection services.

**TOWN OF CARDSTON**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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**18. FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, land for resale inventory, accounts payable and accrued liabilities, municipal line of credit, and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

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.

Unless otherwise noted, the carrying value of the financial instruments approximates fair value.

**19. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation. The changes do not affect prior year earnings.

**20. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

Council and Management have approved these consolidated financial statements.