

Town of Drumheller
Consolidated Financial Statements
Year Ended December 31, 2024

Management's Responsibility for Financial Reporting

Management of the Town of Drumheller is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the town's financial position as of December 31, 2024 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the consolidated 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.

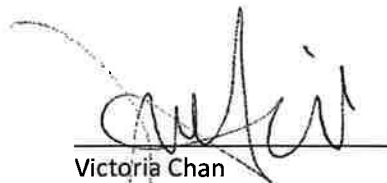
These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The elected Council of the Town of Drumheller is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Council approves the engagement or re-appointment of the external auditors and reviews the quarterly financial reports.

The consolidated financial statements have been audited by BDO Canada LLP, Chartered Professional Accountants, independent external auditors appointed by the town, in accordance with Canadian auditing standards on behalf of Council, residents and ratepayers of the Town.



Darryl Drohomerski
Chief Administrative Officer



Victoria Chan
Chief Financial Officer

Town of Drumheller
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Year Ended December 31, 2024

Auditor's Report

Consolidated Financial Statements

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Independent Auditor's Report

To the Mayor and Members of Council for the Town of Drumheller

Opinion

We have audited the consolidated financial statements of the Town of Drumheller and its controlled or owned organizations (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of operations, consolidated change in net financial assets, and consolidated statement of 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 Group as at December 31, 2024 and its consolidated results of operations, its consolidated change in net financial assets, and its consolidated cash flows for the year then ended in accordance with 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 Financial Statements section of our report. We are independent of the Group in accordance with the 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 these 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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.



Independent Auditor's Report 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 Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

BDO Canada LLP

Chartered Professional Accountants

Red Deer, Alberta
May 1, 2025

Town of Drumheller
Consolidated Statement of Financial Position

December 31	2024	2023
Financial assets		
Cash and cash equivalents (Note 2)	\$ 1,456,285	\$ 10,464,246
Investments (Note 3)	30,579,989	30,539,240
Taxes receivable (Note 4)	820,628	769,563
Accounts receivable (Note 5)	7,454,098	14,043,132
Accrued interest receivable	101,178	182,711
	40,412,178	55,998,892
Liabilities		
Accounts payable and accrued liabilities	7,367,310	5,221,302
Employee benefit obligation (Note 6)	730,877	744,393
Deferred revenue (Note 7)	19,251,284	29,667,385
Long-term debt (Note 8)	4,809,667	5,605,506
Asset retirement obligation (Note 9)	3,516,056	3,924,813
Contaminated sites liability (Note 10)	485,830	1,207,784
	36,161,024	46,371,183
Net financial assets	4,251,154	9,627,709
Non-financial assets		
Tangible capital assets (Note 11)	207,800,694	186,791,744
Land held for resale (Note 12)	5,044,816	2,693,017
Inventory for consumption	952,764	895,500
Prepaid expenses	296,582	269,497
	214,094,856	190,649,758
Accumulated surplus (Note 14)	\$ 218,346,010	\$ 200,277,467
Debt limits (Note 16)		
Contingencies (Note 17)		
Commitments (Note 18)		

Town of Drumheller

Consolidated Statement of Operations

For the year ended December 31	Budget 2024	2024	2023
Revenue			
Net municipal taxes (Note 19)	\$ 10,612,665	\$ 10,827,916	\$ 9,738,050
Government transfers for operating (Note 20)	1,296,396	1,245,461	1,436,194
Sales and user fees	9,332,480	9,038,370	8,968,922
Rental revenue	600,085	533,050	569,063
Franchises and concessions	2,056,000	2,174,549	1,986,191
Investment income	400,000	353,987	86,987
Penalties and costs on taxes	182,800	160,929	141,715
Other	846,959	1,217,911	604,803
	<u>25,327,385</u>	<u>25,552,173</u>	<u>23,531,925</u>
Expenditures (Note 21)			
General government	2,967,852	2,759,455	2,766,230
Protective services	4,532,168	4,525,095	3,741,360
Transportation services	3,726,376	4,472,420	4,429,497
Water and wastewater	5,983,771	6,656,850	6,704,438
Waste management	434,150	466,982	424,378
Planning and development	661,785	861,179	2,119,512
Recreation and parks	5,606,390	6,362,200	5,899,375
Public health and welfare	612,601	580,440	582,919
	<u>24,525,093</u>	<u>26,684,621</u>	<u>26,667,709</u>
Deficiency of revenue over expenditures - before other	802,292	(1,132,448)	(3,135,784)
Other			
Government transfers for capital (Note 20)	19,670,728	19,670,728	19,263,038
Other capital revenues	-	415,233	153,438
Loss on disposal of tangible capital assets	-	(425,532)	(1,194,096)
(Gain) loss on land held for resale	-	32,624	(23,760)
Unrealized loss on investments	-	(492,062)	-
	<u>20,473,020</u>	<u>18,068,543</u>	<u>15,062,836</u>
Excess of revenue over expenditures	20,473,020	18,068,543	15,062,836
Accumulated surplus, beginning of the year	200,277,467	200,277,467	185,214,631
Accumulated surplus, end of year	<u>\$ 220,750,487</u>	<u>\$ 218,346,010</u>	<u>\$ 200,277,467</u>

Town of Drumheller
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2024	2024	2023
Excess of revenue over expenditures	20,553,540	18,068,543	15,062,836
Acquisition of tangible capital assets	\$ (19,670,729)	\$ (27,661,399)	\$ (28,293,397)
Amortization of tangible capital assets	3,650,639	5,780,214	5,120,099
Net loss on sale of tangible capital assets	-	872,240	1,194,096
Proceeds on sale of tangible capital assets	-	23,701	228,986
	4,533,450	(2,916,701)	(6,687,380)
Change in prepaid expenses	-	(27,085)	(34,498)
Change in land held for resale	-	(2,351,800)	(178,621)
Change in inventory for consumption	-	(57,264)	(195,810)
(Gain) loss on land held for resale	-	(23,708)	23,760
Net change in net financial assets	4,533,450	(5,376,558)	(7,072,549)
Net financial assets, beginning of year,	9,627,709	9,627,709	16,700,258
Net financial assets, end of year	\$ 14,161,159	\$ 4,251,151	\$ 9,627,709

Town of Drumheller

Consolidated Statement of Cash Flows

For the year ended December 31	2024	2023
Operating transactions		
Excess of revenue over expenditures	\$ 18,068,543	\$ 15,062,836
Items not involving cash		
Unrealized losses on investments	492,060	-
Amortization	5,780,214	5,120,099
Net loss on disposal of tangible capital assets	872,240	1,194,096
Impairment of land held for resale	-	23,760
Accretion	166,822	159,604
Increase in contaminated site liability	43,820	-
Changes in non-cash operating balances		
Taxes receivable	(51,065)	151,545
Accounts receivable	6,589,034	(4,255,650)
Accrued interest receivable	81,532	74,248
Land held for resale	(2,351,799)	(178,621)
Prepaid expenses	(27,085)	(34,498)
Accounts payable and accrued liabilities	2,146,007	(2,279,865)
Inventory for consumption	(57,264)	(195,807)
Employee benefit obligation	(13,516)	(106,089)
Asset retirement obligations settled	(575,579)	-
Deferred revenue	(10,416,101)	17,658,208
Liability for contaminated sites	(765,777)	1,207,784
	<u>19,982,086</u>	<u>33,601,650</u>
Capital transactions		
Acquisition of tangible capital assets	(27,661,399)	(28,293,397)
Proceeds on sale of tangible capital assets	23,701	228,985
	<u>(27,637,698)</u>	<u>(28,064,412)</u>
Investing transactions		
Purchase of investments	(556,513)	-
Proceeds on redemption of investments	-	6,125,058
	<u>(556,513)</u>	<u>6,125,058</u>
Financing transactions		
Repayment of long-term debt	(795,839)	(762,170)
Net change in cash and cash equivalents	(9,007,964)	10,900,126
Cash and cash equivalents, beginning of year	10,464,246	(435,880)
Cash and cash equivalents, end of year	<u>\$ 1,456,282</u>	<u>\$ 10,464,246</u>

Town of Drumheller

Summary of Significant Accounting Policies

December 31, 2024

**Management's
Responsibility for the
Financial Statements**

The consolidated financial statements of the Town of Drumheller (the "Town") are the representations of management. They have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources. Included with the municipality are the following:

Town of Drumheller Public Library

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

The statement excludes trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

**Cash and Cash
Equivalents**

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

Town of Drumheller

Summary of Significant Accounting Policies

December 31, 2024

Financial Instruments Cash and equity instruments quoted in an active market are measured at fair value (hierarchy level one - quoted market prices). The Town has elected to treat Principal Protected Notes purchased prior to January 1, 2023 at amortized cost. Principal Protected Notes purchased after January 1, 2023 are recorded at either amortized cost or at fair value depending on the characteristics of the PPN. All other financial instruments, are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the consolidated statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the consolidated statement of remeasurement gains and losses and recognized in the consolidated statement of operations. Interest and dividends attributable to financial instruments are reported in the consolidated statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

For portfolio measurements measured at cost, the cost method records the initial investment at cost and earnings from such investments are recognized only to the extent received or receivable. When an investment is written down to recognize an impairment loss, the new carrying value is deemed to be the new cost basis for subsequent accounting purposes.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Town of Drumheller
Summary of Significant Accounting Policies

December 31, 2024

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

Inventory for consumption Inventory for consumption is valued at the lower of cost or net realizable value with cost determined using the average cost method.

Excess Collections and Under-levies Excess collections arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the excess collection is accrued as a liability and as a reduction in property tax revenue. Requisition tax rates in the subsequent year are adjusted for any excess collections.

Tangible Capital Assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	10 to 45 years
Buildings	25 to 50 years
Engineered Structures	
Water system	45 to 75 years
Wastewater system	45 to 75 years
Road system	5 to 65 years
Machinery, equipment and furnishings	5 to 40 years
Vehicles	10 to 40 years

Deferred Revenue Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

Town of Drumheller
Summary of Significant Accounting Policies

December 31, 2024

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, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be determined. Transfers where stipulations give rise to a liability are recognized as revenue as the stipulation liabilities are settled.

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 reserve. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Taxes are recognized as revenue in the year they are levied.

Revenue Recognition Revenue from transactions with no performance obligation is recognized at realizable value when the municipality 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.

Where funds are received in advance of services or with specific restrictions, they are recorded as deferred revenue and recognized in the period when the performance obligation is satisfied.

Town of Drumheller

Summary of Significant Accounting Policies

December 31, 2024

Liability for

Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to the remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded at net of any expected recoveries.

Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Management estimates are used in determining the useful life of tangible capital assets, assumptions in determining asset retirement obligations and site contamination liabilities, and assumptions in employee benefit obligations. Actual results could differ from management's best estimates as additional information becomes available in the future.

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 has 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 Town uses a cost escalation or current estimates, which approximates the estimated cost if work was to be completed as of the financial statement date.

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. 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, or the amount of the original estimate 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.

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

Town of Drumheller

Summary of Significant Accounting Policies

December 31, 2024

extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the consolidated change in net financial assets for the year.

Public Private Partnerships

The Municipality accounts for public private partnerships (P3) in accordance with PS 3160. Infrastructure procured through a P3 arrangement is recognized as a tangible capital asset when the Commission controls the asset. A liability is recognized for any amounts owing to the private sector partner under the agreement. As at year-end, the Town had not entered into any public private partnership arrangements.

Town of Drumheller
Notes to the consolidated Financial Statements

December 31, 2024

1. New Accounting Policies Adopted During the Year

PS 3400 Revenue, Effective January 1, 2024, the Town adopted PS 3400 Revenue. This standard establishes standards on how to recognize revenue and requires deferral of revenue with performance obligations until those obligations are satisfied. The adoption of PS 3400 had no impact on the previously reported revenue.

PS 3160 Public Private Partnerships, the entity has adopted Public Sector Accounting Standard (PS) 3160 - Public Private Partnerships as part of its accounting policies. At the reporting date, the entity does not have any Public-Private Partnership arrangements, and therefore, this standard does not impact the consolidated financial statements for the current period. If the entity enters into a P3 arrangement in the future, it will be accounted for in accordance with PS 3160.

2. CASH AND CASH EQUIVALENTS

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	<u>\$ 1,456,285</u>	<u>\$ 10,464,246</u>

Included in cash is \$3,231 (2023 - \$18,647) which is held in trust for future capital purchases related to the flood mitigation project.

The Town has a demand revolving loan to a maximum of \$10,000,000, bearing interest at prime minus 0.75%. As at December 31, 2024 there was \$Nil drawn under this facility (2023 - \$Nil).

Included in cash is restricted amounts for \$528,720 (2023 - \$Nil) from various grant programs and held exclusively for approved projects.

Town of Drumheller
Notes to the consolidated Financial Statements

December 31, 2024

3. INVESTMENTS

	2024	2023
Term deposits	\$ 461,407	\$ 444,421
Fixed income notes	15,096,458	18,000,793
Principal protected notes	15,016,357	12,088,900
Other	5,767	5,126
	<u>\$ 30,579,989</u>	<u>\$ 30,539,240</u>

Term deposits bear interest at 5.92% per annum and mature on January 4, 2024.

Fixed income notes bear interest at 1.71% to 2.58% per annum and mature March 7, 2025 to December 2, 2031 and have a fair market value of \$14,055,974 (2023 - \$16,807,569).

Principal protected notes mature September 3, 2031 to November 1, 2034 and have a book value of \$12,582,868 (2023 - \$12,088,900).

Included in investments is a restricted amount of \$18,722,565 (2023 - \$27,581,365) from various grant programs and is held exclusively for approved projects. Also, Included in investments is an internally restricted amount of \$Nil (2023 - \$2,957,875) to fund reserves.

4. TAXES RECEIVABLE

	2024	2023
Current taxes and grants in place	\$ 649,981	\$ 649,769
Non-current taxes and grants in place	360,694	844,760
Less: Allowance for doubtful accounts	(190,047)	(724,966)
	<u>\$ 820,628</u>	<u>\$ 769,563</u>

5. ACCOUNTS RECEIVABLE

	2024	2023
Trade receivables	\$ 1,010,789	\$ 1,232,451
Government grants receivable	6,146,514	12,122,058
Goods and service tax receivable	339,171	725,075
Less: Allowance for doubtful accounts	(42,376)	(36,452)
	<u>\$ 7,454,098</u>	<u>\$ 14,043,132</u>

Town of Drumheller
Notes to the consolidated Financial Statements

December 31, 2024

6. EMPLOYEE BENEFIT OBLIGATION

	2024	2023
Accrued vacation pay	\$ 396,481	\$ 243,847
Accrued sick leave benefit	250,000	250,000
Accrued long-term service benefits	84,396	250,546
	<u>\$ 730,877</u>	<u>\$ 744,393</u>

Accrued vacation pay is comprised of the vacation that employees are deferring to future years.

Accrued long-term service benefits are calculated per policy at 2 days per year of service over 10 years at the current rate of pay. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

Significant inputs used in the estimate for long-term service benefits include employees' 2024 accrued days and their 2024 salary rates. Other key assumptions that should impact this calculation have not been considered.

The Town provides paid sick leave at a rate of two days per month. Sick leave can accumulate from year to year to a total of 120 calendar days or 86 work days. Sick leave is not paid out upon termination.

Significant inputs used in the estimate of the sick leave accrual include employees' 2024 hourly rate of pay and accrued sick leave hours. Management then recorded approximately 35% of this total as consideration of other assumptions that should impact the calculation.

7. DEFERRED REVENUE

	Opening balance 2023	Contributions received	Revenue recognized	Ending balance 2024
MSI grant	\$ 1,888,224	\$ 60,089	\$ (953,225)	\$ 995,088
Gas tax fund	1,698,305	578,854	(702,698)	1,574,461
Policing grant	90,964	363,272	(363,418)	90,818
Kneehill	450,205	-	(75,034)	375,171
Flood mitigation	23,591,619	796,286	(9,660,787)	14,727,118
STIP	1,317,884	42,303	(645,031)	715,156
Other	630,184	1,007,576	(864,288)	773,472
	<u>\$ 29,667,385</u>	<u>\$ 2,848,380</u>	<u>\$ (13,264,481)</u>	<u>\$ 19,251,284</u>

Town of Drumheller
Notes to the consolidated Financial Statements

December 31, 2024

Grants

Under various grant agreements with the Government of Canada and the Province of Alberta, the Town is required to account for grants provided and to complete the projects or program in accordance with standards detailed in the various agreements. If these requirements are not adhered to, grants provided will become repayable to the source government. Excess funds are repayable to the source government upon final accounting. Funds are deferred until related expenditures under the specific grant agreement have been incurred. The funds are included in accounts receivable and investments.

Municipal Sustainability Initiative Capital (MSI)

The Government of Alberta provides conditional grant funding through this program to assist with various capital expenditures in the Municipality. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

Gas Tax Fund (GTF)

The GTF is a permanent source of annual funding to provinces and territories who, in turn, flow this funding to their municipalities to support local infrastructure priorities. Municipalities select how best to direct the funds and have the flexibility to make strategic investments across 18 different project categories.

Policing Support Grant (PSG)

The PSG helps municipalities meet the costs of policing services. Municipalities are expected to use the funds to ensure adequate and effective policing and policing oversight, to assist in implementation of provincial policing initiatives, and/or to enhance policing services to residents. All municipalities that pay for their own policing qualify for this program. The grant is issued annually and no application is required.

Kneehill

Per this agreement, Kneehill provides capital contributions to the Town for the ongoing water supply. These capital contributions are a user's contribution towards maintaining the network.

Flood Mitigation (Disaster Mitigation and Adaptation Fund - DMAF)

The DMAF grant is provided by the Government of Canada to municipalities to fund public infrastructure growth that helps to mitigate the potential economic, environmental and social impacts of climate change. The Town incurs all expenses related to the building of berms along the river due to flooding, and then applies to have the amounts refunded. Any amounts not approved are the responsibility of the Town.

Strategic Transportation Infrastructure Program (STIP)

The Government of Alberta provides conditional grant funding through this program to assist the development and maintenance of local transportation infrastructure. The use of these funds is restricted to eligible expenditures as approved under the funding agreement.

Other

Other deferred amounts are made up of other liabilities, ranging from Alberta blue cross, emergency preparedness, youth engagements and community partnerships.

Town of Drumheller
Notes to the consolidated Financial Statements

December 31, 2024

8. LONG -TERM DEBT

Net long-term debt reported on the consolidated statement of financial position is comprised of the following:

	2024	2023
Alberta Capital Finance Authority Debentures	\$ 4,809,667	\$ 5,605,506

Alberta Capital Finance Authority Debentures bear interest between 2.765% to 5.012% per annum, before provincial subsidy, and matures between June 15, 2027 to June 15, 2038. Debenture debt is issued on credit and security of the Town at large.

Principal and interest payments relating to the long-term debt are due as follows:

	Principal Repayments	Interest Payments	Total
2025	\$ 831,011	\$ 193,200	\$ 1,024,211
2026	867,755	156,456	1,024,211
2027	819,377	118,071	937,448
2028	732,808	84,530	817,338
2029	729,936	54,035	783,971
Thereafter	828,780	63,616	892,396
	\$ 4,809,667	\$ 669,908	\$ 5,479,575

Town of Drumheller
Notes to the consolidated Financial Statements

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9. ASSET RETIREMENT OBLIGATION

The Town owns several buildings which consisted of or are presumed to consist of asbestos due to the age of the building and, therefore, the town is legally required to perform abatement activities upon renovation or demolition of these buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed.

The Town also has recognized an asset retirement obligation associated with the decommissioning of the glycol-based heating and cooling system located within the community facility. The system contains environmentally sensitive substances, including glycol, which require specialized removal and disposal procedures in accordance with environmental regulations at the end of the facility's useful life.

The municipality also requires the remediation of environmental hazards, including potential fuel contamination from storage tanks and the removal of lead-based paint in older municipal buildings. These obligations are based on legal requirements to remediate hazardous materials during future decommissioning or redevelopment activities.

The estimated total liability is based on the sum of discounted future cash flows for abatement activities using 4.25% inflation and a discount rate of 4.25%, useful life ranging from 40 - 75 years. The Town has not designated assets for settling the abatement activities.

	2024	2023
Balance, beginning of the year	\$ 3,924,813	\$ 3,765,209
Accretion expense	166,822	159,604
Liabilities settled	(575,579)	-
Estimated total liability	<u>3,516,056</u>	<u>3,924,813</u>

Town of Drumheller
Notes to the consolidated Financial Statements

December 31, 2024

10. LIABILITY FOR CONTAMINATED SITES

The Town's consolidated financial statements include an asset retirement obligation of \$485,830 (2023 - \$1,207,784) for the remediation of the Old Public Works \$442,007 (2023 - \$853,717) and Old Hospital sites \$Nil (2023 - \$354,067). The expense for remediation results from chemicals that have seeped into the soil. The expense has been estimated using a net present value technique with a discount rate of 4.25% (2023 - 4.25%).

In the year, the Old Hospital site has been fully remediated and the Old Public Works yard has been partially remediated.

In the reporting period the Town was notified of its requirement to install nested pairs in close proximity to the river bank. The purpose of it is to monitor wells and watch for nitrated polycyclic aromatic hydrocarbons (PAH) in one of its curling rinks. The estimated cost was \$43,823.

The Town owns a property obtained through a tax foreclosure in a previous period, that was used by an auto wreckage business. The property contains an undetermined amount of contamination; however, since the Environmental Protection and Enhancement Act indemnifies a municipality against responsibility for existing contamination that occurred prior to the municipality's possession, no provision has been recorded with respect to any future reclamation in these consolidated financial statements. Any expense will be recognized if and when management has the reclamation work done.

	2024	2023
Balance, beginning of the year	\$ 1,207,784	\$ -
Liabilities settled	(765,777)	-
Liabilities incurred	43,823	1,207,784
Estimated total liability	\$ 485,830	\$ 1,207,784

Town of Drumheller
Notes to the consolidated Financial Statements

December 31, 2024

11. TANGIBLE CAPITAL ASSETS

	2024							
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of year	\$ 17,365,331	\$ 7,625,694	\$ 45,004,513	\$195,075,557	\$ 11,377,057	\$ 4,869,729	\$ 25,674,382	\$ 306,992,263
Additions	610,786	609,890	873,284	11,274,928	557,682	52,711	13,682,118	27,661,399
Transfers	3,355,618	640,939	2,942,018	14,073,188	87,672	508,612	(21,608,047)	-
Write-downs & disposals	-	-	(1,579,567)	-	(60,000)	-	(423,006)	(2,062,573)
Cost, end of year	<u>\$ 21,331,735</u>	<u>\$ 8,876,523</u>	<u>\$ 47,240,248</u>	<u>\$220,423,673</u>	<u>\$ 11,962,411</u>	<u>\$ 5,431,052</u>	<u>\$ 17,325,447</u>	<u>\$ 332,591,088</u>
Accumulated amortization, beginning of year	\$ -	\$ 3,637,096	\$ 16,392,947	\$ 90,672,796	\$ 6,628,566	\$ 2,869,110	\$ -	\$ 120,200,514
Amortization	-	284,806	1,071,511	3,452,049	659,732	312,116	-	5,780,214
Disposals	-	-	(1,136,333)	-	(54,000)	-	-	(1,190,333)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 3,921,902</u>	<u>\$ 16,328,125</u>	<u>\$ 94,124,845</u>	<u>\$ 7,234,298</u>	<u>\$ 3,181,226</u>	<u>\$ -</u>	<u>\$ 124,790,394</u>
Net carrying amount, end of year	<u>\$ 21,331,735</u>	<u>\$ 4,954,621</u>	<u>\$ 30,912,123</u>	<u>\$126,298,828</u>	<u>\$ 4,728,113</u>	<u>\$ 2,249,826</u>	<u>\$ 17,325,447</u>	<u>\$ 207,800,694</u>

Town of Drumheller
Notes to consolidated Financial Statements

December 31, 2024

11. TANGIBLE CAPITAL ASSETS (continued)

	2023							
	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Work in Progress	Total
Cost, beginning of year	\$ 16,961,998	\$ 4,397,988	\$ 45,261,211	\$ 172,248,374	\$ 10,464,097	\$ 4,408,185	\$ 26,652,999	\$ 280,394,852
Additions	461,436	692,212	970,145	8,239,014	912,960	679,762	16,337,868	28,293,397
Transfers		2,535,493	116,196	14,607,190	-	49,431	(17,308,310)	-
Write-downs	(58,103)	-	(1,343,039)	(19,021)	-	(267,649)	(8,175)	(1,695,987)
Cost, end of year	<u>\$ 17,365,331</u>	<u>\$ 7,625,693</u>	<u>\$ 45,004,513</u>	<u>\$ 195,075,557</u>	<u>\$ 11,377,057</u>	<u>\$ 4,869,729</u>	<u>\$ 25,674,382</u>	<u>\$ 306,992,262</u>
Accumulated amortization, beginning of year	\$ -	\$ 3,476,628	\$ 15,457,949	\$ 87,565,638	\$ 5,995,005	\$ 2,834,347	\$ -	\$ 115,329,567
Amortization		160,469	934,999	3,114,767	633,561	276,303	-	5,120,099
Amortization on disposals		-	-	(7,608)	-	(241,540)	-	(249,148)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 3,637,097</u>	<u>\$ 16,392,948</u>	<u>\$ 90,672,797</u>	<u>\$ 6,628,566</u>	<u>\$ 2,869,110</u>	<u>\$ -</u>	<u>\$ 120,200,518</u>
Net carrying amount, end of year	<u>\$ 17,365,331</u>	<u>\$ 3,988,596</u>	<u>\$ 28,611,565</u>	<u>\$ 104,402,760</u>	<u>\$ 4,748,491</u>	<u>\$ 2,000,619</u>	<u>\$ 25,674,382</u>	<u>\$ 186,791,744</u>

Town of Drumheller
Notes to the consolidated Financial Statements

December 31, 2024

12. LAND HELD FOR RESALE

	<u>2024</u>	<u>2023</u>
Land held for resale	<u>\$ 5,044,816</u>	<u>\$ 2,693,017</u>

During the year there was additions of \$2,970,125 (2023 - \$360,091) and disposals of \$618,326 (2023 - \$181,470).

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2024</u>	<u>2023</u>
Tangible capital assets	<u>\$ 332,591,088</u>	<u>\$ 306,992,262</u>
Accumulated amortization	<u>(124,790,394)</u>	<u>(120,200,518)</u>
Asset retirement obligation	<u>(3,516,056)</u>	<u>(3,924,813)</u>
Long-term debt	<u>(4,809,667)</u>	<u>(5,605,506)</u>
	<u>\$ 199,474,971</u>	<u>\$ 177,261,425</u>

Town of Drumheller
Notes to the consolidated Financial Statements

December 31, 2024

14. ACCUMULATED SURPLUS

	2024	2023
Equity in tangible capital assets	\$ 199,474,971	\$ 177,261,425
Unrestricted (deficit)/surplus	(336,494)	-
	<u>199,138,477</u>	<u>177,261,425</u>
Restricted surplus		
Equipment	3,288,513	3,448,887
Facilities	2,699,060	3,558,620
Offsite levies	474,136	461,727
Water	5,497,491	6,634,002
Wastewater	2,894,633	4,416,513
Contingencies	1,822,989	-
Land	(2,580,336)	-
Storm drain	1,367,195	1,437,731
Municipal reserve	12,236	12,236
Street lights	723,875	-
Sandstone	251,000	241,000
Transportation	2,563,295	2,714,961
Long-term contingency	43,417	-
Other	150,029	90,365
	<u>19,207,533</u>	<u>23,016,042</u>
	<u>\$ 218,346,010</u>	<u>\$ 200,277,467</u>

Town of Drumheller
Notes to consolidated Financial Statements

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15. CHANGE IN ACCUMULATED SURPLUS

	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2024	2023
Balance, beginning of year	\$ -	\$ 23,016,042	\$ 177,261,425	\$ 200,277,467	\$ 185,214,631
Excess of revenue over expenses	18,068,543	-	-	18,068,543	15,062,836
Net operating transfers to restricted surplus	3,808,509	(3,808,509)	-	-	-
Debenture principal payments	(795,838)	-	795,838	-	-
Acquisition of capital	(27,661,399)	-	27,661,399	-	-
ARO Liabilities settled	(575,585)	-	575,585	-	-
Disposals and write-down of tangible capital assets	872,240	-	(872,240)	-	-
Amortization	5,780,214	-	(5,780,214)	-	-
Accretion	166,822	-	(166,822)	-	-
Change in accumulated surplus	\$ (336,494)	\$ (3,808,509)	\$ 22,213,546	\$ 18,068,543	\$ 15,062,836
Balance, end of year	\$ (336,494)	\$ 19,207,533	\$ 199,474,971	\$ 218,346,010	\$ 200,277,467

Town of Drumheller
Notes to the consolidated Financial Statements

December 31, 2024

16. DEBT LIMIT

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation for the Town be disclosed as follows:

	2024	2023
Total debt limit	\$ 38,328,255	\$ 35,297,883
Total debt	4,809,667	5,605,506
Total debt limit available	33,518,588	29,692,377
Debt servicing limit	6,388,043	5,882,981
Debt servicing	1,024,211	1,024,211
Total debt servicing limit available	\$ 5,363,832	\$ 4,858,770

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/00) 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 which 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 consolidated financial statements must be interpreted as a whole.

17. CONTINGENCIES

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

The Town is currently subject to expropriation claims for undertaking the Flood Mitigation project that is jointly funded by the federal, provincial governments and the Town. The claimed amount as of date is \$11.3 million.

As these claims are being scheduled for Tribunal hearings and that there are not many legal precedents on this issue, management is of the opinion that the legal outcome and likelihood of loss are unknown, the legal contingency for damages and cost distributions at this point are undeterminable and thus cannot be reasonably established.

Town of Drumheller
Notes to the consolidated Financial Statements

December 31, 2024

18. COMMITMENTS

The Town has entered into agreements with the Government of Canada and the Government of Alberta to implement the Drumheller Flood Mitigation System. The total cost of the program is expected to be approximately \$80,788,875 and will span over a period of approximately 4 years. Under the terms of the agreements, the Provincial government will provide fifty (66) percent of the funding, the Federal government will provide forty (27) percent of the funding, and the Municipality will provide ten (7) percent of the funding required to purchase and construct assets as part of the Drumheller Flood Mitigation System. As part of the program, the Town will be awarding contracts to several contractors over the life of the project.

The Town has a contract with the Government of Canada to provide policing services through March 31, 2032. Under the contract, the Town pays for 70% of the operating costs. The annual contract cost for 2024 is \$1,961,000 (2023 - \$1,573,000)

The Town has a forward purchase agreement to obtain electricity from January 2024 to December 2026 at a fixed rate of \$53.99 for contract volumes of \$6,954 MWh.

The Town has an agreement to obtain physical supply of natural gas expiring September 30th, 2026 at a fixed rate of \$5.58/GJ up to a maximum of 34,264 GJs/year. The Town has a partial-hedge product in place for natural gas whereby 65% of the Town's weather-normalized historical volumes (34,264 GJs previously mentioned) were purchased at the fixed price of \$5.58/GJ. The remaining 35% of the volume is floating on the monthly average AECO Spot price for natural gas.

19. NET MUNICIPAL TAXES

	Budget 2024	2024	2023
Real property	\$ 13,477,469	\$ 13,468,810	\$ 12,280,372
Machinery and equipment	42,411	42,441	39,723
Linear property	537,569	659,292	501,777
Local improvement	56,000	56,383	56,953
	14,113,449	14,226,926	12,878,825
Requisitions			
Alberta School Foundation Fund	(2,804,534)	(2,692,760)	(2,568,550)
Sunshine Senior's Lodge	(696,250)	(696,250)	(552,225)
Travel Drumheller	-	(10,000)	(20,000)
	(3,500,784)	(3,399,010)	(3,140,775)
Available for general municipal purposes	\$ 10,612,665	\$ 10,827,916	\$ 9,738,050

Town of Drumheller
Notes to the consolidated Financial Statements

December 31, 2024

20. GOVERNMENT TRANSFERS

	Budget 2024	2024	2023
Operating			
Federal government	\$ 10,000	\$ 15,000	\$ 36,000
Provincial government	1,286,396	1,230,461	1,400,194
	<u>\$ 1,296,396</u>	<u>\$ 1,245,461</u>	<u>\$ 1,436,194</u>
Capital			
Federal government	\$ 7,023,194	\$ 7,023,194	\$ 6,445,911
Provincial government	12,647,534	12,647,534	12,817,127
	<u>\$ 19,670,728</u>	<u>\$ 19,670,728</u>	<u>\$ 19,263,038</u>
Total government transfers	<u>\$ 20,967,124</u>	<u>\$ 20,916,189</u>	<u>\$ 20,699,232</u>

21. EXPENSES BY OBJECT

	Budget 2024	2024	2023
Salaries and wages	\$ 9,415,228	\$ 8,896,102	\$ 8,352,395
Contracted and general services	4,899,677	5,433,646	5,827,278
Purchases from other governments	2,023,215	1,960,879	1,573,298
Materials, goods and utilities	3,342,270	3,254,295	3,211,587
Transfer to local agencies and individuals	575,188	558,705	406,159
Bank charges and short term interest	34,750	45,602	116,787
Interest on long-term debt	349,326	224,186	258,379
Amortization	3,650,639	5,780,214	5,120,099
Accretion	-	166,822	159,604
Other expenditures	234,800	364,170	1,642,123
	<u>\$ 24,525,093</u>	<u>\$ 26,684,621</u>	<u>\$ 26,667,709</u>

Town of Drumheller
Notes to the consolidated Financial Statements

December 31, 2024

22. MUNICIPAL EMPLOYEES PENSION PLAN

Local Authorities Pension Plan

Certain employees of the Town are eligible to be members of the Local Authorities Pension Plan (LAPP), a multi-employer pension plan which is covered by the Public Sector Pension Plans Act. The Plan serves about 304,451 people and 444 employers. It is financed by employer and employee contributions and investment earnings of the LAPP Fund. The plan provides defined pension benefits to employees based on their length of service and rates of pay.

The Town contributes to the Plan at a rate of 8.45% of pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 11.65% for the excess. Employees contribute to the Plan at a rate of 7.45% of pensionable earnings up to the Canada Pension Plan Maximum Pensionable Earnings and 10.65% for the excess.

Contributions for the year were:

	2024	2023
Employer contributions	\$ 499,118	\$ 441,279
Employee contributions	443,578	393,034
	\$ 942,696	\$ 834,313

As this is a multi-employer pension plan, these contributions are the Town's pension benefit expense. No pension liability for this type of plan is included in the Town's consolidated financial statements. The most recent valuation as at December 31, 2023 indicates a surplus of \$15.1 billion (2022 - \$12.7 billion) for basic pension benefits. The actuary does not attribute portions of the unfunded liability to individual employers.

Town of Drumheller
Notes to the consolidated Financial Statements

December 31, 2024

23. SALARY AND BENEFITS DISCLOSURE

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

	Salary	Benefits & Allowances	Total 2024	Total 2023
Mayor Colberg	\$ 50,791	\$ 9,614	\$ 60,405	\$ 57,321
Councillor Hansen-Zacharuk	27,241	7,329	34,570	32,734
Councillor Zariski	28,021	2,383	30,404	29,129
Councillor Lacher	27,241	2,571	29,812	28,517
Councillor Sereda	29,061	7,597	36,658	31,790
Councillor Kolafa	28,801	7,551	36,352	33,719
Councilor Price	28,541	7,566	36,107	32,617
Chief Administration Officer	231,932	34,373	266,305	250,106

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

Benefits and allowances include employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan, employment insurance, health care, extended health, vision, group life, accidental death and long and short-term disability plans.

Benefits for the CAO include the use of an automobile.

24. BUDGET

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to fund current year capital activities. In addition, the budget expensed all tangible capital asset expenditures rather than including amortization expense. As a result, the budget figures presented in the consolidated statements of operations and consolidated change in net financial assets represent the budget adopted by Council, with adjustments as follows:

	2024
Budget reported in the consolidated financial statements	\$ 20,473,020
Less:	\$ -
Capital expenditures	(19,670,729)
Transfers from reserves	(802,291)
Budgeted capital excess (deficiency) of revenue over expenditures	\$ -
Financial budget approved by Council	\$ -

December 31, 2024

25. SEGMENTED INFORMATION

The Town is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Protective Services

Protective services is comprised of police, bylaw enforcement and fire protection. This service area is responsible for the overall safety of the public through various prevention and enforcement activities.

Transportation Services

Transportation services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of park and open space, and street lighting.

Water and Wastewater Services

Water and wastewater provides drinking water to the Town's citizens and collects and treats wastewater. The Town processes and cleans sewage and ensures the water system meets all Provincial standards.

Waste Management Services

Waste management provides collection disposal and recycling programs.

Planning and Development

The planning department provides a number of services including town planning and enforcement of building and construction codes and review of all property development plans through its application process.

Recreation and Parks

This service area maintains recreation infrastructure such as parks, arenas, aquatic centres and community centres as well as provides recreational programs and cultural programs at those locations.

Public Health and Welfare

This service area provides and administers community support programs.

General Government

This service area includes legislative and administrative support to all other service areas and also relates to the revenues and expenses that relate to the operations of the Town itself and cannot be directly attributed to a specific segment.

Town of Drumheller
Notes to the consolidated Financial Statements

December 31, 2024

25. SEGMENTED INFORMATION (continued)

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers have been eliminated. The revenues and expenses that are directly attributable to a particular segment are allocated to that segment. Taxation revenue has been allocated to general government except where specific tax revenues can be directly allocated to a service area.

Town of Drumheller
Notes to consolidated Financial Statements

December 31, 2024

25. SEGMENTED INFORMATION (continued)

For the year ended December 31	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	Public Health and Welfare	General Government	2024 Total
Revenue									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	10,827,916	\$ 10,827,916
Government transfers for operating	2,148	702,698	-	-	-	20,000	345,606	877,708	1,948,160
Government transfers for capital	15,939,099	1,810,262	1,043,909	-	-	174,760	-	-	18,968,030
Sales and user fees	472,252	193,673	6,845,406	465,910	126,706	665,489	53,025	215,909	9,038,370
Franchises and concessions	-	-	-	-	-	-	-	2,174,549	2,174,549
Investment income	-	-	-	-	-	-	-	353,987	353,987
Fines and costs	-	-	32,920	-	-	-	-	128,009	160,929
Rental revenue	-	3,300	-	-	105,889	423,861	-	-	533,050
Other	(27,395)	934,294	150,332	4	10,495	383,089	66,428	115,897	1,633,144
Loss on disposal of assets	(219,924)	-	-	-	35,774	(205,610)	-	(495,211)	(884,971)
	16,166,180	3,644,227	8,072,567	465,914	278,864	1,461,589	465,059	14,198,764	44,753,164
Expenses									
Salaries and wages	1,226,564	1,387,601	2,054,440	463	141,408	2,525,105	294,116	1,266,405	8,896,102
Contracted and general services	458,571	609,899	1,079,969	466,519	393,819	1,283,591	166,981	974,297	5,433,646
Purchases from other governments	1,960,879	-	-	-	-	-	-	-	1,960,879
Materials, goods and utilities	161,256	947,466	1,231,681	-	40	809,905	12,519	91,428	3,254,295
Transfer to local agencies	-	-	-	-	94,161	367,076	97,468	-	558,705
Bank charges and short- term interests	21,411	7,663	677	-	-	3,723	-	12,129	45,603
Interest on long-term debt	-	-	121,201	-	-	102,985	-	-	224,186
Amortization	674,054	1,484,303	2,129,644	-	106,589	1,207,122	9,356	169,146	5,780,214
Other	667	16,831	652	-	114,495	-	-	231,523	364,168
Accretion	21,693	18,657	38,586	-	10,667	62,693	-	14,527	166,823
	4,525,095	4,472,420	6,656,850	466,982	861,179	6,362,200	580,440	2,759,455	26,684,621
Net surplus (deficit)	\$ 11,641,085	\$ (828,193)	\$ 1,415,717	\$ (1,068)	\$ (582,315)	\$ (4,900,611)	\$ (115,381)	\$ 11,439,309	\$ 18,068,543

Town of Drumheller
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25. SEGMENTED INFORMATION (continued)

For the year ended December 31	Protective Services	Transportation Services	Water and Wastewater	Waste Management	Planning and Development	Recreation and Parks	Public Health and Welfare	General Government	2023 Total
Revenue									
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,738,050	\$ 9,738,050
Government transfers for operating	3,124	-	-	-	10,000	26,000	351,215	1,045,855	1,436,194
Government transfers for capital	17,048,685	834,704	364,294	-	-	1,015,355	-	-	19,263,038
Sales and user fees	361,282	208,328	6,402,379	397,557	700,914	672,970	62,928	162,603	8,968,961
Franchises and concessions	-	-	-	-	-	-	-	1,986,191	1,986,191
Investment income	-	-	-	-	-	-	-	86,987	86,987
Fines and costs	-	-	24,599	-	-	-	-	117,117	141,716
Rentals	-	4,000	-	-	131,370	433,650	-	-	569,020
Impairment	-	-	-	-	(23,757)	-	-	-	(23,757)
Other	5,336	200,448	201,628	57	43,668	167,836	63,020	76,248	758,241
Gain on disposal of assets	(1,235,037)	38,141	-	2,800	-	-	-	-	(1,194,096)
	<u>16,183,390</u>	<u>1,285,621</u>	<u>6,992,900</u>	<u>400,414</u>	<u>862,195</u>	<u>2,315,811</u>	<u>477,163</u>	<u>13,213,051</u>	<u>41,730,545</u>
Expenses									
Salaries and wages	1,269,978	1,262,813	1,778,767	1,569	136,291	2,343,698	352,682	1,206,597	8,352,395
Contracted and general services	428,712	652,600	1,500,422	421,933	530,103	1,215,208	169,425	908,873	5,827,276
Purchases from other governments	1,573,298	-	-	-	-	-	-	-	1,573,298
Materials, goods and utilities	103,366	1,033,886	1,137,116	876	74	811,491	8,756	116,022	3,211,587
Transfer to local agencies	-	-	-	-	95,912	267,547	42,700	-	406,159
Bank charges and short- term interest	-	8,737	669	-	64	24,134	-	83,183	116,787
Interest on long-term debt	-	-	140,814	-	-	117,564	-	-	258,378
Amortization	336,969	1,408,377	2,045,000	-	106,589	1,057,820	9,356	155,988	5,120,099
Other	8,228	45,190	64,636	-	1,240,664	1,777	-	281,630	1,642,125
Accretion	20,809	17,896	37,013	-	9,815	60,138	-	13,934	159,605
	<u>3,741,360</u>	<u>4,429,499</u>	<u>6,704,437</u>	<u>424,378</u>	<u>2,119,512</u>	<u>5,899,377</u>	<u>582,919</u>	<u>2,766,227</u>	<u>26,667,709</u>
Net surplus (deficit)	<u>\$ 12,442,030</u>	<u>\$ (3,143,878)</u>	<u>\$ 288,463</u>	<u>\$ (23,964)</u>	<u>\$ (1,257,317)</u>	<u>\$ (3,583,566)</u>	<u>\$ (105,756)</u>	<u>\$ 10,446,824</u>	<u>\$ 15,062,836</u>

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26. Financial Instruments

The Town is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the Town's objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements. There have been no changes in these risks from prior year.

Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Town is exposed to credit risk through its cash and cash equivalents, accounts receivable, and investments.

The Town manages its credit risk by credit approval process and holding cash at federally regulated chartered banks and cash accounts insured up to \$100,000. The Town measures its exposure to credit risk based on historical experience regarding collections. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable as outlined in Notes 2 and 5. Accounts receivable arise primarily as a result of sales receivable. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

The Town manages exposure to credit risk for portfolio investments by ensuring adequate diversification and by maintaining its investments are in compliance with Town Investment Regulations. As a result, the Town has reduced exposure to market or value risk.

Liquidity risk

Liquidity risk is the risk that the Town will encounter difficulty in meeting obligations associated with financial liabilities. The Town is exposed to liquidity risk through its accounts payable, long-term debt, and investments.

The Town manages this risk by maintaining a balance of short term or highly liquid investments and staggers maturity dates of investments for cash flow needs. Also to help manage the risk, the Town has in place a planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The Town measures its exposure to liquidity risk based on extensive budgeting.

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 through its portfolio investments and long-term debt. The Town manages interest rate risk by holding all debt through Alberta Capital Finance Authority at a fixed rate and holding term and fixed income investments with fixed rates. Therefore, fluctuations in the market interest rates would not impact future cash flows and operations relating to long-term debt and term deposit and fixed income notes investments. See Notes 3 and 8 for interest rates and maturity dates related thereto.

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27. COMPARATIVE FIGURES

Wherever necessary, comparative figures have been reclassified to conform with current year financial statement presentation.

28. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

Council and Management approved these financial statements.
