

Consolidated Financial Statements



December 31, 2023

City of Camrose

December 31, 2023

Contents

	Page
Consolidated Financial Statements	
Management's Responsibility for Financial Reporting	1
Independent Auditors' Report to the Mayor and Council	2
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Remeasurement Gains and Losses	6
Consolidated Statement of Change in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Schedules	9
Notes to the Financial Statements	15

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

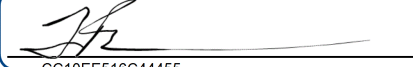
The consolidated financial statements of City of Camrose have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of City of Camrose's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

City Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited on behalf of Council by RSM Canada LLP, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.

DocuSigned by:



CC10F5516C44455
Travis Bouck, General Manager of
Financial Services

DocuSigned by:



B2FC13311598453...
Malcolm Boyd, City Manager

Camrose, AB
April 24, 2024

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of City of Camrose

Opinion

We have audited the consolidated financial statements of City of Camrose (the "City"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, remeasurement gains and losses, change in net financial assets and cash flows and schedules 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 City as at December 31, 2023, and the results of its consolidated operations, remeasurement gains and losses, changes in net financial assets and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the City 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 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 City'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 City or to cease operations, or has no realistic alternative but to do so.

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

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 City'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 City'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 City 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.

RSM Canada LLP

Chartered Professional Accountants
April 24, 2024
Edmonton, Alberta

CITY OF CAMROSE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022 Restated (Note 2)
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 9,588,401	\$ 79,870,027
Investments (Note 4)	82,915,388	22,747,463
Receivables:		
Taxes and grants in place of taxes (Note 5)	3,582,089	3,237,081
Trade and other (Note 5)	5,143,961	3,834,680
Land held for resale (Note 6)	898,794	898,794
	102,128,633	110,588,045
LIABILITIES		
Accounts payable and accrued liabilities	9,729,275	8,542,814
Deposit liabilities	2,117,853	1,976,663
Deferred revenue (Note 7)	14,056,830	17,366,403
Employee benefit obligations (Note 8)	3,978,228	3,946,216
Asset retirement obligation (Note 10)	9,764,361	9,497,915
Long-term debt (Note 12)	28,987,554	30,945,657
	68,634,101	72,275,668
NET FINANCIAL ASSETS	33,494,532	38,312,377
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	290,255,355	269,960,607
Land held for future development (Note 6)	5,804,910	5,804,910
Inventory for consumption	2,805,455	2,829,236
Prepaid expenses	484,165	341,495
	299,349,885	278,936,248
ACCUMULATED SURPLUS	332,844,417	317,248,625
Accumulated surplus is comprised of:		
Accumulated operating surplus (Schedule 1) (Note 15)	332,891,142	317,248,625
Accumulated remeasurement loss	(46,725)	-
ACCUMULATED SURPLUS	\$ 332,844,417	\$ 317,248,625

Contaminated Sites Liability (Note 11), Commitments (Note 22) and Contingencies (Note 23)

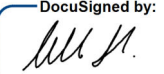
APPROVED ON BEHALF OF THE CITY:

Mayor

DocuSigned by:

106B1C02AB694DF...

City Manager

DocuSigned by:

B2FC13311598453...

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE
Consolidated Statement of Operations
For the year ended December 31, 2023

	Budget (See Note 25)	2023	2022 Restated (Note 2))
REVENUES			
Net municipal taxes (Schedule 3)	\$ 27,919,317	\$ 28,433,991	\$ 26,687,681
User fees and sales of goods	16,186,683	17,803,303	16,860,278
Government transfers for operating (Schedule 4)	1,906,700	2,222,516	2,218,513
Sales to other governments	124,774	167,196	154,890
Penalties and costs of taxes	255,500	277,786	315,525
Licences and permits	739,422	1,029,909	752,772
Development levies	1,043,978	909,785	524
Fines	700,000	683,294	671,829
Franchise and concession contracts	4,294,696	4,240,536	4,229,604
Investment income	2,602,270	3,683,211	2,458,703
Rentals	1,371,093	1,578,240	1,380,745
Other revenues	122,400	221,179	77,098
	57,266,833	61,250,946	55,808,162
EXPENSES			
Legislative	553,539	505,265	484,367
Administration	6,971,478	6,514,443	5,412,886
Protective Services	10,358,092	10,227,931	10,379,172
Roads, Streets, Walks & Lighting	11,096,689	10,822,632	10,083,601
Water, Wastewater and Waste Management	12,634,875	12,929,765	10,981,891
Public Health & Welfare	365,017	358,183	316,509
Planning & Development	1,395,703	1,302,008	1,640,540
Recreation & Culture	12,710,231	12,938,393	12,421,906
	56,085,624	55,598,620	51,720,872
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER	1,181,209	5,652,326	4,087,290
OTHER:			
Contributed tangible capital assets (Note 21)	35,342	38,134	58,550
Government transfers for capital (Schedule 4)	5,110,600	9,952,057	9,888,795
EXCESS OF REVENUES OVER EXPENSES	6,327,151	15,642,517	14,034,635
ACCUMULATED SURPLUS, BEGINNING OF YEAR	317,248,625	317,248,625	303,213,990
ACCUMULATED SURPLUS, END OF YEAR	\$ 323,575,776	\$ 332,891,142	\$ 317,248,625

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE

Consolidated Statement of Remeasurement Gains and Losses

For the Year Ended December 31, 2023

	2023	2022
Unrealized gains (losses) attributable to:		
Investments held at fair value	\$ (46,725)	\$ -
Amounts reclassified to statement of operations:		
Investments held at fair value realized gains	-	-
Net remeasurement losses for the year	(46,725)	-
ACCUMULATED REMEASUREMENT LOSSES, BEGINNING OF YEAR	-	-
ACCUMULATED REMEASUREMENT LOSSES, END OF YEAR	\$ (46,725)	\$ -

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (See Note 25)	2023	2022 Restated (Note 2)
EXCESS OF REVENUES OVER EXPENSES	\$ 6,327,151	\$ 15,642,517	\$ 14,034,635
Acquisition of tangible capital assets	(26,686,584)	(32,058,580)	(35,235,660)
Contributed tangible capital assets	(35,342)	(38,134)	(58,550)
Proceeds from disposal of tangible capital assets	-	724,349	355,942
Amortization of tangible capital assets	10,909,305	10,909,305	10,176,656
Loss (gain) sale of capital assets	-	168,312	(109,534)
	(15,812,621)	(20,294,748)	(24,871,146)
Use (acquisition) of inventory for consumption	-	23,781	(1,342,108)
(Increase) use of prepaid expenses	-	(142,670)	23,284
Unrealized remeasurement loss	-	(46,725)	-
	-	(165,614)	(1,318,824)
DECREASE IN NET FINANCIAL ASSETS	(9,485,470)	(4,817,845)	(12,155,335)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	38,312,377	38,312,377	50,467,712
NET FINANCIAL ASSETS, END OF YEAR	\$ 28,826,907	\$ 33,494,532	\$ 38,312,377

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022 Restated (Note 2)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	\$ 15,642,517	\$ 14,034,635
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	10,909,305	10,176,656
Loss (gain) on sale of capital assets	168,312	(109,534)
Contributed tangible capital assets	(38,134)	(58,550)
	26,682,000	24,043,207
Non-cash contributions (charges) to operations - net change:		
(Increase) decrease in taxes and grants in place of taxes receivable	(345,008)	420,743
Increase in trade and other receivables	(1,309,281)	(569,430)
Decrease (increase) in inventory for consumption	23,781	(1,342,108)
Decrease in land held for sale	-	362,876
(Increase) decrease in prepaid expenses	(142,670)	23,284
Increase in accounts payable and accrued liabilities	1,186,461	2,365,004
Increase in deposit liabilities	141,190	17,238
(Decrease) increase in deferred revenue	(3,309,573)	3,016,569
Increase (decrease) in employee benefit obligations	32,012	(745,503)
Increase in asset retirement obligation	266,446	324,505
NET INFLOW FROM OPERATING ACTIVITIES	23,225,358	27,916,385
CAPITAL		
Proceeds from disposal of tangible capital assets	724,349	355,942
Acquisition of tangible capital assets	(32,058,580)	(35,235,660)
NET OUTFLOW TO CAPITAL ACTIVITIES	(31,334,231)	(34,879,718)
FINANCING		
Long-term debt issued	236,155	20,729,452
Long-term debt repaid	(2,194,258)	(1,852,078)
NET (OUTFLOWS) INFLOWS FROM FINANCING ACTIVITIES	(1,958,103)	18,877,374
INVESTING		
Increase in investments	(71,962,113)	(22,747,463)
Proceeds on disposal of investments	11,747,463	-
NET OUTFLOW TO INVESTING ACTIVITIES	(60,214,650)	(22,747,463)
DECREASE IN CASH AND TEMPORARY INVESTMENTS DURING YEAR	(70,281,626)	(10,833,422)
CASH AND TEMPORARY INVESTMENTS AT BEGINNING OF YEAR	79,870,027	90,703,449
CASH AND TEMPORARY INVESTMENTS AT END OF YEAR	\$ 9,588,401	\$ 79,870,027

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE

Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2023

	Unrestricted surplus	Restricted surplus	Equity in Tangible Capital Assets	2023	2022 Restated (Note 2)
BALANCE, BEGINNING OF THE YEAR (RESTATED) (NOTE 2)	\$ 14,455,031	\$ 67,511,428	\$235,282,166	\$ 317,248,625	\$ 303,213,990
Excess of revenues over expenses for the year	15,642,517	-	-	15,642,517	14,034,635
Unrestricted funds designated for future use	(14,189,394)	14,189,394	-	-	-
Restricted funds used for operations	781,246	(781,246)	-	-	-
Restricted funds used for tangible capital assets	-	(19,947,081)	19,947,081	-	-
Current year funds used for tangible capital assets	(11,847,241)	-	11,847,241	-	-
Contributed tangible capital assets	(38,134)	-	38,134	-	-
Disposal of tangible capital assets (at net book value)	892,660	-	(892,660)	-	-
Annual amortization expense	10,909,305	-	(10,909,305)	-	-
Asset retirement obligation accretion expense	266,446	-	(266,446)	-	-
Long term debt repaid	(1,902,762)	-	1,902,762	-	-
Change in accumulated surplus	514,643	(6,538,933)	21,666,807	15,642,517	14,034,635
BALANCE, END OF THE YEAR (NOTE 15)	\$ 14,969,674	\$ 60,972,495	\$256,948,973	\$ 332,891,142	\$ 317,248,625

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE
Schedule of Tangible Capital Assets
For the year ended December 31, 2023

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	Construction in Progress	2023	2022 Restated (Note 2)
COST:									
BALANCE, BEGINNING OF YEAR	\$ 6,930,751	\$ 22,903,326	\$ 107,700,968	\$ 254,651,151	\$ 12,937,236	\$ 7,519,964	\$ 31,489,667	\$ 444,133,063	\$ 411,251,229
Acquisition of tangible capital assets	956,598	1,468,104	565,201	56,732,561	2,618,873	588,776	(30,833,399)	32,096,714	35,294,210
Disposal of tangible capital assets	(351,938)	-	(42,995)	(1,119,313)	(1,310,623)	(201,990)	-	(3,026,859)	(2,412,376)
BALANCE, END OF YEAR	7,535,411	24,371,430	108,223,174	310,264,399	14,245,486	7,906,750	656,268	473,202,918	444,133,063
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR	-	15,967,132	26,815,041	119,774,560	8,001,202	3,614,521	-	174,172,456	166,161,768
Annual amortization	-	603,183	2,718,426	6,029,704	1,076,975	481,017	-	10,909,305	10,176,656
Accumulated amortization on disposals	-	-	(42,995)	(983,328)	(942,885)	(164,990)	-	(2,134,198)	(2,165,968)
BALANCE, END OF YEAR	-	16,570,315	29,490,472	124,820,936	8,135,292	3,930,548	-	182,947,563	174,172,456
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, December 31, 2023	7,535,411	7,801,115	78,732,702	185,443,463	6,110,194	3,976,202	656,268	290,255,355	
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, December 31, 2022	\$ 6,930,751	\$ 6,936,194	\$ 80,885,927	\$ 134,876,591	\$ 4,936,034	\$ 3,905,443	\$ 31,489,667		\$ 269,960,607

Included in buildings are leased equipment affixed to the building of \$381,854 (2022 - \$381,854) with accumulated amortization of \$190,927 (2022 - \$165,470). The leased assets are amortized on a straight line basis over the estimated useful life of 15 years.

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE
Schedule of Property and Other Taxes
For the year ended December 31, 2023

	Budget	2023	2022
TAXATION			
Real property taxes	\$ 35,765,009	\$ 35,201,533	\$ 33,616,568
Linear property taxes	-	518,163	492,679
Business taxes	90,000	6,438	87,760
Government grants in lieu of property taxes	-	85,587	83,921
Special assessments and local improvement taxes	-	557,962	379,056
	35,855,009	36,369,683	34,659,984
REQUISITIONS			
Alberta School Foundation Fund	6,920,410	6,920,410	7,283,416
Elk Island CSRD No. 41	952,928	952,928	655,592
Other Requisitions	62,354	62,354	33,295
	7,935,692	7,935,692	7,972,303
NET MUNICIPAL TAXES	\$ 27,919,317	\$ 28,433,991	\$ 26,687,681

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE
Schedule of Government Transfers
For the year ended December 31, 2023

	Budget	2023	2022
TRANSFERS FOR OPERATING			
Provincial and federal grants	\$ 1,025,520	\$ 1,351,631	\$ 1,246,481
Local government transfers	881,180	870,885	972,032
	1,906,700	2,222,516	2,218,513
TRANSFERS FOR CAPITAL			
Provincial and federal government	5,110,600	9,952,057	9,888,795
TOTAL GOVERNMENT TRANSFERS	\$ 7,017,300	\$ 12,174,573	\$ 12,107,308

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE
Schedule of Consolidated Expenses by Object
For the year ended December 31, 2023

		2023	2022 Restated (Note 2)
	Budget		
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 24,326,197	\$ 23,336,213	\$ 22,301,722
Contracted and general services	7,824,537	7,741,773	7,790,766
Materials, goods and utilities	9,857,972	10,033,568	8,745,159
Provisions for allowances	20,000	19,322	7,845
Transfers to other governments	134,668	143,585	138,359
Transfers to local boards and agencies	1,189,760	1,246,174	1,138,964
Transfers to individuals and organizations	386,220	373,739	316,322
Bank charges and short-term interest	80,780	93,772	85,219
Interest on long-term debt	1,117,272	1,126,910	765,292
Amortization of tangible capital assets	10,909,305	10,909,305	10,176,656
Asset retirement obligation accretion expense	-	266,446	324,505
Loss (gain) on disposal of tangible capital assets	-	168,311	(109,534)
Landfill closure liability	100,000	-	-
Other expenses	138,913	139,502	39,597
	\$ 56,085,624	\$ 55,598,620	\$ 51,720,872

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE

Schedule of Segmented Disclosure

For the year ended December 31, 2023

	Legislative	Administration	Protective Services	Roads, Streets, Walks & Lighting	Water, Waste Management, & Wastewater	Public Health & Welfare	Planning and Development	Recreation & Culture	Total
REVENUES									
Net municipal taxes	\$ -	\$ 28,433,991	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,433,991
User fees and sales of goods	-	52,305	848,964	150,202	14,959,496	254,148	22,364	1,515,824	17,803,303
Government transfers	-	274,586	886,210	2,550,463	7,549,084	-	95,788	818,442	12,174,573
Sales to other governments	-	-	167,196	-	-	-	-	-	167,196
Penalties and costs of taxes	-	251,733	-	-	26,053	-	-	-	277,786
Licences and permits	-	-	728,454	-	-	-	301,455	-	1,029,909
Development levies	-	-	-	-	909,785	-	-	-	909,785
Fines	-	-	683,294	-	-	-	-	-	683,294
Franchise and concession contracts	-	4,240,536	-	-	-	-	-	-	4,240,536
Return on investments	-	1,682,593	-	-	2,000,618	-	-	-	3,683,211
Rentals	-	-	-	45,594	74,698	-	36,137	1,421,811	1,578,240
Contributed tangible capital assets	-	-	-	38,134	-	-	-	-	38,134
Other revenues	-	4,095	66,176	104,814	-	25	6,752	39,317	221,179
	-	34,939,839	3,380,294	2,889,207	25,519,734	254,173	462,496	3,795,394	71,241,137
EXPENSES									
Salaries, wages and benefits	399,185	3,208,946	7,922,406	2,568,019	2,638,354	160,797	812,388	5,626,118	23,336,213
Contracted and general services	96,651	1,930,388	768,565	562,333	3,131,788	24,350	376,982	850,716	7,741,773
Materials, goods and utilities	9,429	349,739	879,129	2,882,677	3,096,735	17,103	42,488	2,756,268	10,033,568
Transfers to other governments	-	-	18,099	-	-	125,486	-	-	143,585
Transfers to local boards and agencies	-	-	-	243,664	-	-	-	1,002,510	1,246,174
Transfers to individuals and organizations	-	148	-	-	232,280	-	50,340	90,971	373,739
Interest on long-term debt	-	-	23,980	103,598	780,816	-	-	218,516	1,126,910
Loss (gain) on disposal of tangible capital assets	-	370,703	(8,625)	(173,713)	26,503	-	-	(46,557)	168,311
Other expenses	-	41,536	10,802	143,721	286,542	-	3,209	33,232	519,042
	505,265	5,901,460	9,614,356	6,330,299	10,193,018	327,736	1,285,407	10,531,774	44,689,315
NET REVENUES (EXPENSES) BEFORE AMORTIZATION	(505,265)	29,038,379	(6,234,062)	(3,441,092)	15,326,716	(73,563)	(822,911)	(6,736,380)	26,551,822
Amortization of tangible capital assets	-	612,984	613,575	4,492,333	2,736,746	30,447	16,601	2,406,619	10,909,305
NET REVENUES (EXPENSES)	\$ (505,265)	\$ 28,425,395	\$ (6,847,637)	\$ (7,933,425)	\$ 12,589,970	\$ (104,010)	\$ (839,512)	\$ (9,142,999)	\$ 15,642,517

The accompanying notes are an integral part of these financial statements.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of Camrose are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board. Significant aspects of the accounting policies adopted by the City of Camrose are as follows.

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in net financial assets and cash flows of the reporting entity. This entity is comprised of the municipal operations plus all the organizations that are owned or controlled by the City and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The Regional Solid Waste Authority is owned and controlled by the City as the City maintains 60% representation on the Board.

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

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

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are 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. Offsite levies are collected from a developer upon the execution of a Development Agreement as per the Offsite Levy Bylaw. These funds are restricted to fund the construction of specific infrastructure and are recognized as revenue once the said infrastructure has been built and the City has provided proof of construction completion.

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.

Revenues are recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Use of Estimates (Continued)

Financial statement areas requiring the use of management estimates include:

- useful lives of carrying value of tangible capital assets;
- fair value of contributed tangible capital assets;
- valuation of land inventory;
- asset retirement obligation;
- liabilities for potential environmental obligations;
- offsite levy liabilities;
- accrued liabilities;
- accrued receivables;
- allowance for doubtful accounts receivable; and
- employee benefit obligations.

(d) Financial Instruments

Financial assets are tested annually for impairment. Impairment losses are recorded in the statement of operations. Any write-downs resulting from impairment are not reversed for subsequent increases in value.

Cash and temporary investments are comprised of cash on deposit with financial institutions including bank indebtedness and highly liquid investments with original term of maturity of three months or less.

Investment income is reported as revenue in the period earned. When required by agreement or legislation, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

The City's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Temporary investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Loan receivable and debt charges recoverable	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term debt	Amortized cost

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investments

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations.

Investments in interest bearing securities 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.

(f) 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.

(g) Land for Resale Inventory

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

(h) 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.

(i) Asset Retirement Obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the City 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.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) **Asset Retirement Obligations (Continued)**

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 City reviews the carrying amount of the liability. The City 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 City continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(j) **Employee Future Benefits**

The City is a member of a defined contribution multi-employee pension plan covering substantially off of its employees. Pension contributions are accounted for using defined contributions accounting, wherein contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

(k) **Local Improvement Charges**

Construction costs associated with local improvement projects are recovered through annual tax levies collectible from property owners for work performed by the City. Taxpayers may elect to pay over a number of years or immediately prepay the outstanding local improvement charges.

(l) **Contaminated Sites**

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.

(m) **Government Transfers**

Government transfers are the transfer of assets from other governments that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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 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:

	Years
Land improvements	2 - 45
Buildings	50
Engineered structures	
Water system	45 - 75
Wastewater system	45 - 75
Other engineered structures	20 - 75
Machinery and equipment	5 - 20
Vehicles	4 - 20

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use. Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of the future economic benefits associated with the assets are less than their net book value. Net write-downs are accounted for as expenses in the Consolidated Statement of Operations.

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.

Tangible capital assets contributed to other organizations are recorded at cost at the date of contribution and also are recorded as an expense.

iii. Leases

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

iv. Inventories

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

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Non-Financial Assets (Continued)

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

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

vi. **Construction in Progress**

Assets under construction have a cost of \$656,268 (2022 - \$31,489,667) and will be amortized when the assets are put into service.

(o) **Interdepartmental Revenues and Expenses**

Where identified, interdepartmental revenues and offsetting expenses have been removed from the City's consolidated financial statements. The Water, Wastewater and Waste Management segment provides a number of services such as water and wastewater services, waste collection and landfill disposal to other segments within the City of Camrose. These amounts are not material to the consolidated financial statements, and as such, have not been eliminated from the Water, Wastewater and Waste Management revenues or the other segments operating expenditures.

(p) **Restricted Surplus**

Certain amounts, as approved by City Council, are set aside in accumulated surplus for future operating purposes and capital purposes. Transfers to or from restricted surplus are adjustments to the respective fund when approved.

(q) Recently Adopted Accounting Pronouncements

Effective January 1, 2023, the City adopted the following accounting standards concurrently as required by the Public Sector Accounting Standards Board.

PS 1201 - Financial Statement Presentation: The implementation of this standard requires a new statement of re-measurement gains and losses separate from the statement of operations. This new statement includes the unrealised gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currency.

PS 3041 - Portfolio Investments: This section removes the distinction between temporary and portfolio investments and provides additional guidance on recognition, measurement, presentation and disclosure of portfolio investments. Upon adoption of this section and PS 3450, PS 3040 - Portfolio Investments is no longer applicable.

PS 3450 - Financial Instruments: This section establishes recognition, measurement, and disclosure requirements for derivative and non-derivative instruments. It requires fair value measurements of derivative and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the Entity. Unrealised gains and losses are presented on the new statement of re-measurement gains and losses arising from the adoption of PS 1201. There is also a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities.

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements (Continued)

PS 2601 - Foreign Currency Translation: This section establishes guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The Section requires monetary assets and liabilities, denominated in a foreign currency, and non-monetary items valued at fair value, denominated in a foreign currency, to be adjusted to reflect the exchange rates in effect at the financial statement date. The resulting unrealised gains and losses are presented in the new statement of re-measurement gains and losses.

PS 3280 - Asset Retirement Obligations: This section establishes the recognition, measurement, and disclosure requirements for asset retirement obligations. This section requires management to prepare a best estimate of the obligation when there is a legal obligation to incur retirement costs, the transaction giving rise to the liability has occurred and future costs will be incurred. The liability must be reassessed at each financial statement date.

(r) Future Accounting Pronouncements

The following summarizes upcoming changes to public sector accounting standards issued by the Public Sector Accounting Standards Board. In the coming year, the City will continue to assess the impact and prepare for the adoption of these standards.

PS 3400 - Revenue: This section establishes standards on how to account for and report on revenue, specifically in regards to revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions). This standard is applicable for fiscal years beginning on or after April 1, 2023.

PSG-8 - Purchased Intangibles: Per Public Sector Guideline 8, this section allows purchased intangible assets to be recognized as assets in the public sector entity's financial statements. This guideline is applicable for fiscal years beginning on or after April 1, 2023.

PS3160 - Public Private Partnerships: This section establishes standards on how to account for certain arrangements between public and private entities. This standard provides guidance on situations where a public entity acquires infrastructure assets using a private sector partner that designs, builds, or finances the infrastructure asset past the point where it is ready for use. This standard is applicable for fiscal years beginning on or after April 1, 2023.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

2. PRIOR PERIOD ADJUSTMENT

A formal standard (PS 3280) on Asset Retirement Obligations was issued by the Public Sector Accounting Board in 2018 and is effective for the City's 2023 fiscal year. The standard covers retirement obligations associated with tangible capital assets controlled by a public sector, and any resulting obligations. The City has reviewed its asset registry and recorded a liability for three asset categories where obligations exist.

1. Facilities - asbestos abatement - The City is legally required to perform abatement activities upon renovation or demolition of facilities where it is prevalent. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed.

2. Wastewater lagoons - decommissioning - The City operates its wastewater collection and treatment systems under an approval from the Province of Alberta which outlines the requirements related to the retirement of wastewater treatment assets.

3. Landfill - closure and post-closure - Prior to 2023, the City recorded the solid waste landfill closure and post-closure liability per Public Sector Standard 3270. The solid waste landfill closure and post-closure liability now falls under PS 3280, as PS 3270 has been withdrawn. The City operates a landfill site and is legally required to perform closure and post-closure activities upon retirement of this site. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection.

The changes resulting from reporting liabilities under the new standard have been applied using the modified retroactive approach and the 2022 comparative figures have been restated as follows:

	As Previously Stated	Restatements	As Restated
STATEMENT OF OPERATIONS			
REVENUE	\$ 55,808,162	\$ -	\$ 55,808,162
EXPENSES			
Amortization	10,038,194	138,462	10,176,656
Landfill closure liability	2,728,743	(2,728,743)	-
Asset retirement obligation accretion expense	-	324,505	324,505
Other expenses	41,219,711	-	41,219,711
	53,986,648	(2,265,776)	51,720,872
ANNUAL SURPLUS	11,768,859	2,265,776	14,034,635
STATEMENT OF FINANCIAL POSITION			
FINANCIAL ASSETS	110,588,045	-	110,588,045
LIABILITIES			
Provision for landfill closure and post-closure costs	8,098,101	(8,098,101)	-
Asset retirement obligation	-	9,497,915	9,497,915
Other liabilities	62,777,753	-	62,777,753
	70,875,854	1,399,814	72,275,668
NET FINANCIAL ASSETS	39,712,191	(1,399,814)	38,312,377

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

2. PRIOR PERIOD ADJUSTMENT (CONTINUED)

	As Previously Stated	Restatements	As Restated
NON-FINANCIAL ASSETS			
Tangible capital assets	269,158,111	802,496	269,960,607
Other	8,975,641	-	8,975,641
	278,133,752	802,496	278,936,248
Accumulated Surplus	317,845,943	(597,318)	317,248,625
ACCUMULATED SURPLUS			
Unrestricted surplus	6,356,930	8,098,101	14,455,031
Restricted surplus	67,511,428	-	67,511,428
Equity in tangible capital assets	243,977,585	(8,695,419)	235,282,166
	317,845,943	(597,318)	317,248,625
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS			
NET FINANCIAL ASSETS, BEGINNING OF YEAR	54,271,764	(3,804,052)	50,467,712
Excess revenues over expenses	11,768,859	2,265,776	14,034,635
Amortization	10,038,194	138,462	10,176,656
Other	(36,366,626)	-	(36,366,626)
NET FINANCIAL ASSETS, END OF YEAR	39,712,191	(1,399,814)	38,312,377
CONSOLIDATED STATEMENT OF CASH FLOWS			
OPERATING			
Excess revenues over expenses	11,768,859	2,265,776	14,034,635
Amortization	10,038,194	138,462	10,176,656
Increase in provision for landfill closure and post-closure costs	2,728,743	(2,728,743)	-
Increase in asset retirement obligation	-	324,505	324,505
Other	3,380,589	-	3,380,589
NET INFLOW FROM OPERATING ACTIVITIES	\$ 27,916,385	\$ -	\$ 27,916,385

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

3. CASH AND TEMPORARY INVESTMENTS

	2023	2022
Cash	\$ 9,572,670	\$ 2,937,835
Temporary investments	15,731	76,932,192
	\$ 9,588,401	\$79,870,027

Temporary investments require between 31 and 90 days notice to redeem and are held in accounts guaranteed by the Province of Alberta. Interest rates on cash and short term deposits at December 31, 2023 ranged from 5.60% to 5.75% per annum (2022 - 4.85% to 5.00%).

Included in cash and temporary investments is a restricted amount of \$5,206,901 (2022 - \$8,235,475) received from various grant programs and held exclusively for approved projects (see Note 7).

4. INVESTMENTS

	2023		2022	
	Carrying Value	Market Value	Carrying Value	Market Value
Short-term notes and deposits	\$11,000,000	\$ 11,000,000	\$ 22,747,463	\$ 22,747,463
Fixed income instruments	71,915,388	71,895,231	-	-
Total investments	\$82,915,388	\$ 82,895,231	\$ 22,747,463	\$ 22,747,463

Short-term notes and deposits have effective interest rates of 5.70% (2022 – 4.60% to 5.70%) and mature in less than one year. Fixed income instruments have effective interest rates of 1.55% to 8.05% with maturity dates from January 26, 2027 to February 15, 2034.

Net investment income on cash, temporary investments, and long-term investments recognized in the statement of operations includes \$3,683,211 (2022 - \$2,458,703) of interest income and \$NIL (2022 - \$NIL) of realized gains on disposal of investments.

Unrealized losses on investments carried at fair value of \$(46,725) (2022 - \$NIL) have been recognized in the statement of remeasurement gains and losses.

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

5. RECEIVABLES

	2023	2022
Taxes and grants in place of taxes		
Current taxes and grants in place of taxes	\$ 732,185	\$ 647,640
Arrears	331,955	165,180
Less: Allowance for doubtful accounts	(2,280)	(2,522)
Total current taxes and grants in place of taxes	1,061,860	810,298
Long term taxes and grants in place of taxes - local improvement levies	2,520,229	2,426,783
Total taxes and grants in place of taxes	\$ 3,582,089	\$ 3,237,081
Trade and other		
Due from federal government	\$ 430,275	\$ 681,459
Trade accounts	3,753,765	3,377,601
Allowance for doubtful accounts	(14,913)	(224,380)
Interest on investments	974,834	-
Total trade and other receivables	\$ 5,143,961	\$ 3,834,680

6. LAND HELD FOR RESALE AND FUTURE DEVELOPMENT

	2023	2022
Financial Assets		
Land held for resale	\$ 898,794	\$ 898,794
Non-Financial Assets		
Residential	2,369,849	2,369,849
Industrial and commercial	3,435,061	3,435,061
Land held for future development	\$ 5,804,910	\$ 5,804,910

Land held for resale is land in a condition to be sold, marketed for sale, and reasonably anticipated to be sold within a year and is recorded as a financial asset on the Consolidated Statement of Financial Position. Land held for future development is not ready for resale and is not reasonably anticipated to be sold within one year and has been recorded as a non-financial asset.

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

7. DEFERRED REVENUE

	2023	2022
Developer contributions and offsite levies		
Offsite levies - Transportation	\$ 2,570,969	\$ 2,443,489
Offsite levies - Sanitary	-	879,785
Offsite levies - Water	4,774,121	4,537,399
Other developer contributions	470,978	453,160
Total developer contributions and offsite levies	7,816,068	8,313,833
Conditional Grants		
Municipal Sustainability Initiative/Basic Municipal Transportation Grant	4,221,682	3,500,236
Canada Community-Building Fund	817,773	33,959
Alberta Municipal Water/Wastewater Partnership	-	4,503,068
Other Grants	167,446	198,212
Total conditional grants (Note 3)	5,206,901	8,235,475
Other		
Other deferred revenue	893,044	693,788
Prepaid property taxes	140,817	123,307
Total Other	1,033,861	817,095
	\$14,056,830	\$17,366,403

OUTSTANDING GRANTS

At December 31, 2023, all capital funding committed to the City of Camrose has been received from the Federal and Provincial governments. At December 31, 2022 outstanding committed capital funding that had not been recorded as a receivable and deferred revenue are identified in the following table. The Alberta Municipal Water/Wastewater Partnership grant funding is in support of the City's Wastewater Treatment Plant upgrade, and the Strategic Transportation Infrastructure Program funding has been supporting the City's Airport Runway Overlay project.

	2023	2022
Municipal Sustainability Initiative / Basic Municipal Transportation Grant	\$ -	\$ 2,039,756
Canada Community-Building Fund	-	1,123,132
Alberta Municipal Water and Wastewater Partnership	-	309,616
Strategic Transportation Infrastructure Program	-	538,250
	\$ -	\$ 4,010,754

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

8. EMPLOYEE BENEFIT OBLIGATIONS

	2023	2022
Vacation accrual	\$ 1,505,224	\$ 1,408,583
Sick leave	2,473,004	2,537,633
	\$ 3,978,228	\$ 3,946,216

Vacation accrual

The vacation accrual is comprised of the vacation that employees are deferring to future years. Employees have earned the benefits (and are vested) and are entitled to the benefits in the next budgetary year.

Sick leave

The City of Camrose provides benefits for sick leave under the following conditions:

- a) All employees receive one day of sick leave per month. Sick leave can only be used for paid time off for illness of the employee and is paid at the employee's normal rate of pay.
- b) Unused sick days are accumulated in a bank. If an employee terminates, payment of accumulated sick days will be made to the employee at the rate of 5% of the accumulated sick days for each full year of continuous service with the City. If an employee terminates with at least 20 years of service, they will be paid in cash for 100% of the days accumulated to a maximum of 120 days. Payment is made at the final pay rate.

In accordance with accounting standard PS 3255 - Post-employment Benefits, Compensated Absences and Termination Benefits, benefits are accrued in the year of the service of the employee that generated the benefit, similar to a pension plan liability where an organization incurs an obligation to make payment in the future for services rendered today.

The City engaged an actuary to determine the sick leave benefit obligation for the years ending December 31, 2022 and December 31, 2023. Significant assumptions used in the valuation are highlighted in Note 9.

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

9. BENEFIT OBLIGATIONS - SICK LEAVE

Change in Benefit Obligation	2023	2022
Benefit obligation, beginning of year	\$ 2,537,633	\$ 3,326,128
Expected service cost	182,241	260,196
Interest cost	122,748	95,470
Actuarial loss (gain)	(85,975)	(833,335)
Expected benefits paid	(283,643)	(310,826)
Benefit obligation, end of year	\$ 2,473,004	\$ 2,537,633
Change in Plan Assets	2023	2022
Fair value of plan assets, beginning of year	\$ -	\$ -
City contribution	243,306	337,780
Actual benefits paid	(243,306)	(337,780)
Fair value of plan assets, end of year	\$ -	\$ -
Significant Assumptions	2023	2022
Discount rate per annum, beginning of year	4.84%	2.87%
Discount rate per annum, end of year	5.30%	4.84%
Rate of compensation increases per annum	3.50%	3.50%
Estimated Average Remaining Services Life (EARSL) in years	17.64	17.30
Net Periodic Benefit Cost	2023	2022
Service Cost	\$ 182,241	\$ 260,196
Interest Cost	122,748	95,470
Recognized net actuarial gain	(90,263)	(42,091)
Net periodic benefit cost	\$ 214,726	\$ 313,575

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

10. ASSET RETIREMENT OBLIGATIONS

	2023	2022 Restated (Note 2)
Landfill	\$ 8,368,247	\$ 8,122,468
Asbestos abatement	668,637	661,260
Wastewater lagoons decommissioning	727,477	714,187
	<u>\$ 9,764,361</u>	<u>\$ 9,497,915</u>

Landfill

The City operates a landfill site and is legally required to perform closure and post-closure activities upon retirement of this site. A liability for the total obligation, which was incurred when the site started accepting waste, irrespective of volume of waste accepted has been accrued. The City estimates that no obligation is incurred incrementally due to the volume of waste accepted, therefore, no further obligation is being accrued based on volume of waste accepted.

In 2022, the Camrose Regional Solid Waste Authority made the decision to cease Landfill operations. Closure of the Landfill is scheduled for 2024/2025 with a transfer station being designed and constructed in 2024. Undiscounted future cash flows expected are \$30,000 for design in 2024 and a closure cost in year 2025 of \$5,278,194 with annual post-closure activities starting in year 2026 of \$170,000 per year, increasing at an annual inflation rate of 2%, for 25 years to year 2050. The estimated total liability of \$8,368,247 (2022 - \$8,122,468) is based on the sum of discounted future cash flows for closure and post-closure activities using a discount rate of 4% and assuming annual inflation of 2%.

	2023	2022
Balance, beginning of year	\$ 8,122,468	\$ 7,823,093
Accretion expense	245,779	299,375
Estimated total liability	<u>\$ 8,368,247</u>	<u>\$ 8,122,468</u>

Asbestos abatement

The City has reviewed its tangible capital assets and has approximately 29 buildings that were constructed in a period where they may contain asbestos and, therefore, the City is legally required to perform abatement activities upon renovation or demolition of these facilities. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Undiscounted future cash flows expected are abatement costs of \$1,123,772 as the facilities reach the end of their useful lives. The estimated total liability of \$668,637 (2022 - \$661,260) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 4% and assuming annual inflation of 2%. The City has not designated assets for settling the abatement activities.

	2023	2022
Balance, beginning of year	\$ 661,260	\$ 649,178
Accretion expense	7,377	12,082
Estimated total liability	<u>\$ 668,637</u>	<u>\$ 661,260</u>

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

10. ASSET RETIREMENT OBLIGATIONS (CONTINUED)

Wastewater Lagoons

The City's Wastewater Treatment Plant (WWTP) consists of ten lagoons, in addition to various mechanical processes and supporting facilities. The City operates its wastewater collection and treatment systems under an approval from the Province of Alberta which outlines the requirements related to the retirement of wastewater treatment assets.

Due to the retirement obligations as outlined in the approval, the City has recorded a liability for the decommissioning of the lagoons. Undiscounted cash flows of \$3,180,000 are expected for the decommissioning of the lagoons. The estimated total liability of \$727,477 (2022 - \$714,187) is based on the sum of discounted cash flows using a discount rate of 4% and assuming annual inflation of 2%.

The City recently completed a significant investment in its Wastewater Treatment Plant. With this investment, the City has effectively decided that it will continue to treat its wastewater here in Camrose for the foreseeable future. As it is very unlikely that the City will ever need to decommission any its existing wastewater lagoons, it has not designated assets for settling these retirement activities.

	2023	2022
Balance, beginning of year	\$ 714,187	\$ 701,139
Accretion expense	13,290	13,048
Estimated total liability	\$ 727,477	\$ 714,187

11. CONTAMINATED SITES LIABILITY

In 2019, the City conducted Phase I Environmental Site Assessments on six City-owned properties. The properties included the Public Works Main Shop, Camrose Airport, Parks Maintenance Shop, Golf Course Maintenance Shop & Pro Shop, and two Public Works Satellite Facilities. The City also completed a Phase II Environmental Site Assessment on the Public Works Main Shop.

Based upon the results of the assessments there is a risk that some extent of contamination may be present on all six properties. No contaminated site liability has been recorded as of December 31, 2023 as all six operational sites are still being used productively, and estimated costs to clean up the sites are not readily available. The City will continue to monitor and evaluate the properties to determine if any future actions need to be taken.

In 2021, the City conducted a Phase II Environmental Site Assessments at the Airport around the underground fuel tanks. No contamination was detected.

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

12. LONG-TERM DEBT

	2023	2022
Supported by general tax levies	\$ 6,563,930	\$ 7,802,341
Supported by special levies	2,230,282	2,285,623
Supported by utility rates	20,193,342	20,857,693
	\$28,987,554	\$30,945,657

The current portion of the long-term debt amounts to \$2,135,125 (2022 - \$2,188,227).

Of the \$28,987,554 total long-term debt, \$23,542,021 (2022 - \$25,180,526) is secured against equity in tangible capital assets, with the remaining \$5,445,533 (2022 - \$5,765,131) unsecured. The unsecured debt includes \$3,215,251 of debentures taken out for the Jeanne & Peter Lougheed Performing Arts Centre and \$2,230,282 taken out for local improvement charges where taxpayers have elected to pay over a number of years. The associated local improvements receivable has been recorded and is identified in Note 5.

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2024	\$ 2,135,125	\$ 1,054,612	\$ 3,189,737
2025	2,197,768	970,800	3,168,568
2026	2,257,357	884,099	3,141,456
2027	1,643,772	801,791	2,445,563
2028	1,137,569	745,479	1,883,048
Thereafter	19,615,963	6,988,642	26,604,605
	\$28,987,554	\$11,445,423	\$40,432,977

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest rates ranging from 1.863% to 5.662% per annum, before Provincial subsidy, and matures in periods 2024 through 2047. The average annual interest rate is 3.20% for 2023 (3.15% for 2022). Debenture debt is issued on the credit and security of the City of Camrose at large.

Interest on long-term debt amounted to \$1,126,910 (2022 - \$765,292). The City's total cash payments for interest in 2023 were \$1,136,541 (2022 - \$551,325).

Included in the above debt amounts is a capital lease obligation of \$238,441 (2022 - \$258,702) relating to the purchase of building equipment. This lease bears interest at 1.54%, expires October, 2031 and includes a lease buyout of \$76,371.

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

13. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits, as defined by Alberta Regulation 255/00 for the City of Camrose, be disclosed as follows:

	2023	2022
Total debt limit	\$91,876,419	\$83,712,243
Total debt	(28,987,554)	(30,945,657)
Amount of debt limit unused	62,888,865	52,766,586
Debt servicing limit	15,312,737	13,952,041
Debt Servicing	(3,189,737)	(3,318,679)
Amount of debt servicing limit unused	\$12,123,000	\$10,633,362

The debt limit is calculated as 1.5 times revenue of the municipality (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 that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the consolidated financial statements must be interpreted as a whole.

14. EQUITY IN TANGIBLE CAPITAL ASSETS

	2023	2022 Restated (Note 2)
Tangible capital assets (Schedule 2)	\$473,202,918	\$444,133,063
Accumulated amortization (Schedule 2)	(182,947,563)	(174,172,456)
Asset retirement obligation (Note 10)	(9,764,361)	(9,497,915)
Long-term debt (Note 12)	(28,987,554)	(30,945,657)
Long-term debt not secured against tangible capital assets	5,445,533	5,765,131
	\$256,948,973	\$235,282,166

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

15. ACCUMULATED SURPLUS

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

	2023	2022 Restated (Note 2)
Unrestricted surplus	\$ 14,969,674	\$ 14,455,031
Restricted surplus:		
General administration	20,075,714	18,956,995
Protective services	1,982,595	1,812,298
Roads, streets, walks and lighting	9,837,907	9,291,603
Water, sewer, and waste management	25,939,606	34,728,731
Planning and development	500,000	797,124
Recreation and culture	2,475,732	1,855,318
Public health and welfare	160,941	69,359
Total restricted surplus	60,972,495	67,511,428
Equity in tangible capital assets	256,948,973	235,282,166
	\$332,891,142	\$317,248,625

16. SEGMENTED DISCLOSURE

The City of Camrose provides a range of services to its taxpayers. The City's operations and activities are organized and reported by functions and services provided. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information, refer to the Schedule of Segmented Disclosure (Schedule 6).

Certain functions that have been disclosed in the segmented information, along with the services provided, are as follows:

(a) Legislative

This function includes activities related to City Council.

(b) Administration

This category is used to report activities that provide for the overall operation of The City, which are common to, or affect all of the services provided by the City, including corporate services, general administration, taxation and financial services.

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

16. SEGMENTED DISCLOSURE (CONTINUED)

(c) Protective Services

This category is used to report activities that provide for the public safety of the inhabitants of the City, including police, fire, bylaw enforcement and inspections.

(d) Roads, Streets, Walks & Lighting

This category is used to report activities related to public transportation, including roads and streets, public transit, storm sewers and drainage, and the equipment pool.

(e) Water, Wastewater and Waste Management

This category reports activities related to acquiring, treating, and supplying water, the collection or removal and treatment of sanitary sewage, solid waste collection and disposal, landfill operations and recycling.

(f) Public Health & Welfare

This category reports activities on cemeteries maintenance and burials, as well as maintenance of public washrooms.

(g) Planning and Development

This category is used to report activities related to economic growth and sustainability, property management, short term and long term planning, and the development of land.

(h) Recreation and Culture

This category is used to report activities related to providing recreational and cultural opportunities to the community.

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

17. SALARY AND BENEFITS DISCLOSURE

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

	2023			2022
	Salary	Benefits & Allowances	Total	Total
Mayor - PJ Stasko	\$ 68,203	\$ 10,155	\$ 78,358	\$ 68,608
Councilors:				
K. Hycha	34,102	3,284	37,386	32,641
A. Hoveland	34,102	4,912	39,014	34,330
L. Banack	34,102	5,464	39,566	33,711
L. Broker	34,102	6,860	40,962	36,454
D. Francoeur	34,102	6,860	40,962	36,362
D. Ilg	34,102	6,860	40,962	36,362
J. Murphy	34,102	6,860	40,962	35,826
D. Rosland	34,102	6,402	40,504	34,312
City Manager	244,725	39,190	283,915	271,692
Designated Officers (2)	\$ 138,906	\$ 26,200	\$ 165,106	\$ 159,532

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

Benefits and allowances figures include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, extended health and dental coverage, vision coverage, group life insurance, long-term disability insurance, professional memberships and tuition.

The City currently has a full time designated officer, and one designated on an as-needed basis.

CITY OF CAMROSE

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

18. LOCAL AUTHORITIES PENSION PLAN

Employees of the City of Camrose participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plan Act. The LAPP is financed by employer and employee contributions and by investments earnings of the LAPP Fund.

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

The City of Camrose is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% on pensionable earnings above this amount.

Employees of the City are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.23% on pensionable salary above this amount.

Total current service contributions by the City to the plan in 2023 were \$1,107,110 (2022 - \$1,063,302). The current service contributions by the employees of the City to the plan in 2023 were \$982,218 (2022 - \$951,014).

At December 31, 2022, LAPP disclosed an actuarial surplus of \$12,671,000,000 (2021 - surplus of \$11,922,000,000). The 2023 details are not yet available.

19. SPECIAL FORCES PENSION PLAN

Municipal Police Officers of the City of Camrose participate in the Special Forces Pension Plan (SFPP), which is covered by the Alberta Public Sector Pensions Plan Act. The Plan serves about 7,670 officers from seven municipalities. It is financed by employer and employee contributions and investment earnings of the SFPP Fund.

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

The City of Camrose is required to make current service contributions to the SFPP of 14.55% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan.

Police officers of the City are required to make current service contributions to the SFPP of 13.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan.

Total current service contributions by the City to the plan in 2023 were \$468,373 (2022 - \$485,106). Total current service contributions by employees to the plan in 2023 were \$432,935 (2022 - \$448,432).

At December 31, 2022, the SFPP plan disclosed an actuarial surplus of \$265,340,000 (2021 - surplus of \$424,164,000). The 2023 amounts are not yet available.

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

20. APEX SUPPLEMENTARY PENSION PLAN

The APEX supplementary pension plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2004 and provides supplementary pension benefits to a prescribed class of employees (approximately 6 beneficiaries within the City of Camrose). The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the City. Employees and the City are required to make current service contributions to APEX of 2.42% and 2.96% respectively of pensionable earnings up to \$175,333 in 2023 (\$175,333 in 2022).

Total current service contributions by the City to APEX in 2023 were \$25,466 (2022 - \$34,228). Total current service contributions by the employees of the City in 2023 were \$20,820 (2022 - \$23,204).

The cost of post retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation and retirement ages of employees.

At December 31, 2022, the APEX plan disclosed an actuarial surplus of \$3,323,814 (2021 - surplus of \$2,063,935). The 2023 amounts are not yet available.

21. CONTRIBUTED ASSET

In 2023, a developer contributed \$38,134 for the installation of pedestrian lights on an adjacent roadway.

In 2022, a third party contractor assisted the Camrose Fire Department in the preparation of a site for an eventual Fire Training Facility to be constructed. The City recorded a contribution of \$58,550 for the scope of the work performed.

22. COMMITMENTS

As noted within the City's current 10-year Wastewater Approval to Operate, the City of Camrose is required to substantially upgrade its existing wastewater treatment system in order to ensure compliance with provincial and federal environmental regulations. The total cost of the project is expected to be approximately \$51.2 million. The City has incurred costs through December 31, 2023 of \$47.4 million. The planned funding for the project is based upon a combination of debenture, utility reserves, offsite levies and provincial grants. In 2020, the City secured Alberta Municipal Water/Wastewater Partnership (AMWWP) grant funding. In 2021, the City realized \$5.5 million of grant funding, with the remaining \$4.9 million realized in 2023. In 2022, the City utilized \$20 million of debt. The City applied \$0.9 million of offsite levy funding in 2023. The remaining \$16.1 million of project expenditures have been funded with reserves. The project will be completed in 2024.

As at December 31, 2023, the City had no other significant commitments to report.

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

23. CONTINGENCIES

As at December 31, 2023 the City is involved in various legal disputes. While it is not possible to estimate the outcome of these disputes, it is Management's opinion that there will be no adverse effect on the financial position of the City. If any liability is incurred it would be accounted for as a current transaction in the year it is determined.

On May 7, 2020, the City of Camrose started a planned release of treated wastewater from the City's wastewater storage lagoons. On May 22, 2020 the City received a verbal directive from Environment & Climate Change Canada (ECCC) to immediately cease all discharge from the lagoons. ECCC provided this directive based on their belief that the discharge would reasonably be acutely lethal to fish, and that it was also exceeding the unionized ammonia limit outlined in the Federal Wastewater Systems Effluent Regulations (WSER). In June 2020, the ECCC advised that they would be conducting an external investigation related to the discharge. On June 5, 2023, ECCC staff advised the City that the Public Prosecution Service of Canada had completed their review of the file. As a result of this investigation, on June 8, ECCC issued a written warning to the City of Camrose for alleged violations of the federal Fisheries Act and the Wastewater Systems Effluent Regulations. However, no formal charges were laid against the City, and the matter was closed by ECCC.

24. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

The City's financial instruments consist of cash and temporary investments, investments, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the City is not exposed to significant interest or currency risk arising from these financial instruments.

The City 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 City provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers, along with the City's ability to collect property tax amounts through a tax sale as permitted by the Municipal Government Act, minimizes the credit risk.

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

CITY OF CAMROSE
Notes to the Consolidated Financial Statements
For the year ended December 31, 2023

25. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2023 operating and capital budgets approved by Council. The City's budgets are prepared on a modified cash flows basis in accordance with the Municipal Government Act. Amortization was not contemplated in development of the budget, however, has been included in the budget presented in the financial statements. The amortization expense included is based on the current year actual amortization expense.

A reconciliation of the consolidated operating budget as approved by Council, and the budget as prepared in these financial statements in accordance with the Canadian Public Sector Accounting Standards, has been included in the table below. The table also includes a reconciliation of the 2023 annual surplus from operations for financial statement purposes to the surpluses for operating budget purposes.

	Budget	2023
Surplus from operations	\$ 6,327,151	\$15,642,517
Capital Items Affecting Surplus From Operations		
Amortization	10,909,305	10,909,305
Contributed tangible capital assets	(35,342)	(38,134)
Government transfers for capital	(5,110,600)	(9,952,057)
Development levies	(1,043,978)	(909,785)
Taxation - local improvements	-	(557,962)
Loss on disposal of tangible capital assets	-	168,312
Other capital items	-	(6,795)
Surplus from Operations before Capital Items	11,046,536	15,255,401
Net operating transfers to reserves	(9,143,774)	(12,236,285)
Long-term debt repaid	(1,902,762)	(1,902,762)
Operating Budget Surplus	\$ -	\$ 1,116,354

26. COMPARATIVE FIGURES

Prior year figures have been reclassified where necessary to conform with current year presentation.

27. APPROVAL OF FINANCIAL STATEMENTS

City Council has approved these financial statements on April 22, 2024.