

**TOWN OF PICTURE BUTTE**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements are the responsibility of the management of the Town of Picture Butte (The Town).

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

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

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

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



Keith Davis, Chief Administrative Officer



Michelle Overbeeke, Director of  
Corporate Services

Picture Butte, Alberta  
April 14, 2025



## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Council of the Town of Picture Butte**

#### **Opinion**

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2024, and the consolidated results of its operations and changes in net financial assets and its 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 Town in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

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

(continues)



Independent Auditor's Report to the Members of Council of the Town of Picture Butte *(continued)*

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

*Shawn Cook*  
*Professional Corporation*

Lethbridge, Alberta  
April 14, 2025

Chartered Professional Accountants



# TOWN OF PICTURE BUTTE

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024

	2024	2023
<b>ASSETS</b>		
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 5,465,409	\$ 4,428,633
Taxes and grants in lieu receivables (Note 3)	102,824	81,279
Trade and other receivables	482,006	490,390
Land held for resale	71,849	904,987
	<u>6,122,088</u>	<u>5,905,289</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	315,924	400,391
Employee Benefit	95,668	80,127
Deferred revenue (Note 5)	279,970	306,063
Asset retirement obligation (Note 13)	1,498,950	1,455,291
Long-term debt (Note 7)	1,418,885	1,850,935
	<u>3,609,397</u>	<u>4,092,807</u>
<b>NET FINANCIAL ASSETS</b>	<u>2,512,691</u>	<u>1,812,482</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	29,263,615	29,657,439
Land held for resale	533,676	
Inventory for consumption	40,816	16,930
Prepaid expenses and deposits	14,230	12,380
	<u>29,852,337</u>	<u>29,686,749</u>
<b>ACCUMULATED SURPLUS (Schedule 1, Note 11)</b>	<u>\$ 32,365,028</u>	<u>\$ 31,499,231</u>
Accumulated Surplus is comprised of:		
Accumulated operating surplus (Schedule 1, Note 11)	32,365,028	31,499,231
Accumulated remeasurement gains (losses)	<u>0</u>	<u>0</u>

*Commitments and contingencies - See Notes 17 and 19*

Approved on behalf of Council:

  
MAYOR

  
DEPUTY MAYOR

# TOWN OF PICTURE BUTTE

## CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget (Unaudited)	2024	2023
<b>REVENUES</b>			
Net municipal property taxes (Schedule 3)	\$ 1,765,490	\$ 1,752,323	\$ 1,689,552
User fees and sales of goods	2,303,425	3,097,174	2,779,095
Government transfers (Schedule 4)	583,800	589,724	555,554
Investment income	210,000	243,818	305,910
Penalties and costs on taxes	31,500	48,234	45,311
Franchise and concession contracts (Note 14)	255,000	265,062	257,037
Licenses, permits and fines	26,500	35,465	27,629
Other revenues	24,000	57,965	170,573
<b>TOTAL REVENUES</b>	<b>5,199,715</b>	<b>6,089,765</b>	<b>5,830,661</b>
<b>EXPENSES (Schedule 5)</b>			
Legislative	88,150	70,510	66,213
Administrative	493,495	708,173	746,045
Police, fire, ambulance and bylaw enforcement	1,225,590	1,376,751	1,275,102
Roads, streets, walks, lighting	674,555	898,116	832,480
Water, wastewater and waste management	996,305	1,283,291	1,434,829
Land use planning, zoning and development	212,860	419,175	208,752
Parks and recreation	873,165	1,071,868	981,691
Community services	148,365	214,362	192,110
<b>TOTAL EXPENSES</b>	<b>4,712,485</b>	<b>6,042,246</b>	<b>5,737,222</b>
<b>EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<b>487,230</b>	<b>47,519</b>	<b>93,439</b>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	1,135,000	807,878	443,606
Net gain of Sale of tangible capital assets	0	10,400	0
	<b>1,135,000</b>	<b>818,278</b>	<b>443,606</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>1,622,230</b>	<b>865,797</b>	<b>537,045</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>31,499,231</b>	<b>31,499,231</b>	<b>30,962,186</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 33,121,461</b>	<b>\$ 32,365,028</b>	<b>\$ 31,499,231</b>

# TOWN OF PICTURE BUTTE

## CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
Accumulated remeasurement gains (losses) at the beginning of the year	<u>\$ -</u>	<u>\$ -</u>
Unrealized gains (losses) attributed to Equity Investments	-	-
Amounts reclassified to statements of operations Equity investments realized gains	<u>-</u>	<u>-</u>
Net remeasurement gains (losses) for the year	<u>-</u>	<u>-</u>
<b>Accumulated remeasurement gains (losses) at end of year</b>	<b><u><u>\$ 0</u></u></b>	<b><u><u>\$</u></u></b>



# TOWN OF PICTURE BUTTE

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT) FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget (Unaudited)	2024	2023
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ 1,622,230	\$ 865,797	\$ 537,045
Acquisition of tangible capital assets	-	(995,766)	(2,751,368)
Disposal of tangible capital assets		12,600	
Asset Retirement Obligation		-	(1,412,904)
Amortization of tangible capital assets	-	1,376,990	1,258,119
	-	393,824	(2,906,153)
Use (acquisition) of land held for resale		(533,676)	0
Use (acquisition) of prepaid assets	-	(1,851)	9,309
Use (acquisition) of supplies inventory	-	(23,885)	5,023
	-	(559,412)	14,332
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	1,622,230	700,209	(2,354,776)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	1,812,482	1,812,482	4,167,258
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 3,434,712	\$ 2,512,691	\$ 1,812,482

# TOWN OF PICTURE BUTTE

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	\$ 865,797	\$ 537,045
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	1,376,990	1,258,119
Disposal of tangible capital assets	12,600	0
Accretion ARO - Building	43,659	42,387
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(21,544)	(13,075)
Decrease (increase) in trade and other receivables	8,383	(44,538)
Decrease (increase) in land held for resale	299,462	(302,970)
Decrease (increase) in inventory for consumption	(23,886)	5,024
Increase (decrease) in prepaid expenses and deposits	(1,850)	9,310
Increase (decrease) in accounts payable and accrued liabilities	(84,467)	(73,120)
Increase (decrease) Employee Benefit Obligation	15,541	(4,267)
Increase (decrease) in deferred revenue	(26,093)	(150,658)
	<u>2,464,592</u>	<u>1,263,257</u>
Cash provided by operating transactions		
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(995,766)	(2,751,368)
	<u>(995,766)</u>	<u>(2,751,368)</u>
Cash applied to capital transactions		
<b>FINANCING</b>		
Long-term debt issued	-	-
Long-term debt repaid	(432,050)	(237,409)
	<u>(432,050)</u>	<u>(237,409)</u>
Cash provided by (applied to) financing transactions		
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	<b>1,036,776</b>	<b>(1,725,520)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>4,428,633</b>	<b>6,154,153</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 5,465,409</b>	<b>\$ 4,428,633</b>

# TOWN OF PICTURE BUTTE

## CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2024 SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2024	2023
Balance, Beginning of Year	\$ 2,159,030	\$ 2,988,991	\$ 26,351,210	\$ 31,499,231	\$ 30,962,186
Excess of revenues over expenses	865,797	-	-	865,797	537,045
Funds designated for future use	(1,388,041)	1,388,041	-	-	-
Restricted funds - Used for Operations	88,554	(88,554)	-	-	-
Restricted funds - Used for TCA		(120,187)	120,187	-	-
Current year funds used for tangible capital assets	(875,579)		875,579	-	-
Disposal of tangible capital assets	12,600		(12,600)	-	-
Annual amortization expense	1,376,990	-	(1,376,990)	-	-
Long term debt repaid (capital)	(432,050)	-	432,050	-	-
Other Adjustments	43,658		(43,658)		
Change in accumulated surplus	(308,071)	1,179,300	(5,432)	865,797	537,045
Balance, End of Year	\$ 1,850,959	\$ 4,168,291	\$ 26,345,778	\$ 32,365,028	\$ 31,499,231

# TOWN OF PICTURE BUTTE

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2024 SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2024	2023
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 562,559	\$ 996,847	\$20,298,412	\$ 27,259,403	\$ 1,567,418	\$ 1,259,303	\$ <b>51,943,942</b>	\$ 47,817,334
Acquisition of tangible capital assets	-	-	64,838	567,838	237,409	16,848	<b>886,933</b>	2,746,288
Asset Retirement Obligation			-				-	1,412,904
Disposal of tangible capital assets	-	-	-	(157,358)	(82,036)	-	<b>(239,394)</b>	(37,664)
Construction in progress	-	-	-	108,833	-	-	<b>108,833</b>	5,080
BALANCE, END OF YEAR	562,559	996,847	20,363,250	27,778,716	1,722,791	1,276,151	<b>52,700,314</b>	51,943,942
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	435,755	7,511,622	12,840,363	823,727	675,036	<b>22,286,503</b>	21,066,048
Annual amortization	-	41,149	633,298	498,653	148,189	55,701	<b>1,376,990</b>	1,258,119
Accumulated amortization on disposals	-	-	-	(157,358)	(69,436)	-	<b>(226,794)</b>	(37,664)
BALANCE, END OF YEAR	-	476,904	8,144,920	13,181,658	902,480	730,737	<b>23,436,699</b>	22,286,503
<b>2024 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 562,559</u>	<u>\$ 519,943</u>	<u>\$12,218,330</u>	<u>\$ 14,597,058</u>	<u>\$ 820,311</u>	<u>\$ 545,414</u>	<u>\$ <b>29,263,615</b></u>	<u>\$ 29,657,439</u>
2023 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 562,559</u>	<u>\$ 561,092</u>	<u>\$12,786,790</u>	<u>\$ 14,419,040</u>	<u>\$ 743,691</u>	<u>\$ 584,267</u>	<u>\$ 29,657,439</u>	



# TOWN OF PICTURE BUTTE

## CONSOLIDATED SCHEDULE OF PROPERTY AND OTHER TAXES FOR THE YEAR ENDED DECEMBER 31, 2024 SCHEDULE 3

	Budget (Unaudited)	2024	2023
<b>TAXATION</b>			
Real property taxes	2,438,385	2,425,069	2,292,822
	<u>2,438,385</u>	<u>2,425,069</u>	<u>2,292,822</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	538,980	538,979	480,384
Separate school	84,415	84,411	76,659
Seniors foundation	34,000	33,916	30,787
Designated Industrial Property	0	0	0
FCSS	15,500	15,440	15,440
	<u>672,895</u>	<u>672,746</u>	<u>603,270</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 1,765,490</u>	<u>\$ 1,752,323</u>	<u>\$ 1,689,552</u>

# TOWN OF PICTURE BUTTE

## CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2024 SCHEDULE 4

	Budget (Unaudited)	<b>2024</b>	2023
<b>TRANSFERS FOR OPERATING:</b>			
Provincial Government	\$ 159,550	\$ 191,119	\$ 161,043
Federal Government	-	2,100	-
Other Local Government	424,250	396,505	394,511
<b>Total operating transfers</b>	<b>583,800</b>	<b>589,724</b>	555,554
<b>TRANSFERS FOR CAPITAL:</b>			
Other Local Government	0	0	30,887
Federal Government	0	0	147,639
Provincial Government	1,135,000	807,878	265,080
<b>Total capital transfers</b>	<b>1,135,000</b>	<b>807,878</b>	443,606
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 1,718,800</b>	<b>\$ 1,397,602</b>	\$ 999,160

# TOWN OF PICTURE BUTTE

## CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2024 SCHEDULE 5

	Budget (Unaudited)	<b>2024</b>	2023
<b>EXPENSES</b>			
Salaries, wages and benefits	\$ 2,214,435	\$ <b>2,005,822</b>	\$ 1,923,738
Contracted and general services	1,252,835	<b>1,221,562</b>	1,163,901
Materials, goods and utilities	1,084,145	<b>1,246,008</b>	1,192,836
Transfers to local boards and agencies	62,950	<b>62,667</b>	52,062
Bank charges and short term interest	5,500	<b>3,811</b>	3,508
Interest on long term debt	92,620	<b>81,317</b>	100,671
Amortization of tangible capital assets	-	<b>1,376,990</b>	1,258,119
Other		<b>44,069</b>	42,387
<b>TOTAL EXPENSES</b>	<b>\$ 4,712,485</b>	<b>\$ 6,042,246</b>	<b>\$ 5,737,222</b>

# TOWN OF PICTURE BUTTE

## CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2024 SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Total
<b>REVENUES</b>							
Net Municipal Taxes	\$ 1,752,323	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,752,323
Government transfer	138,650	265,055	404,791	-	330,939	258,167	1,397,602
User fees and sales of goods	7,611	798,600	155	695,530	371,159	1,224,119	3,097,174
Investment income	243,818	-	-	-	-	-	243,818
Franchise fees	265,062						265,062
Other revenue	83,309	24,187	-	10,472	34,096	-	152,064
	2,490,773	1,087,842	404,946	706,002	736,194	1,482,286	6,908,043
<b>EXPENSES</b>							
Contracted and general services	94,299	230,560	122,065	31,648	246,592	496,398	1,221,562
Salaries, wages and benefits	350,298	673,619	286,788	36,295	415,150	243,672	2,005,822
Materials, goods and utilities	106,117	238,984	153,703	351,232	261,975	133,997	1,246,008
Transfers to local boards and agencies	15,440	-	-	-	47,227	-	62,667
Interest on long-term debt	-	69,625	-	-	3,625	8,067	81,317
Other expenses	4,221	-	-		43,659	-	47,880
	570,375	1,212,788	562,556	419,175	1,018,228	882,134	4,665,256
<b>NET REVENUE BEFORE AMORTIZATION</b>	<b>1,920,398</b>	<b>(124,946)</b>	<b>(157,610)</b>	<b>286,827</b>	<b>(282,034)</b>	<b>600,152</b>	<b>2,242,787</b>
Amortization expense	208,308	163,963	335,560	-	268,002	401,157	1,376,990
<b>NET REVENUE</b>	<b>\$ 1,712,090</b>	<b>\$ 39,017</b>	<b>\$ 177,950</b>	<b>\$ 286,827</b>	<b>\$ (14,032)</b>	<b>\$ 1,001,309</b>	<b>\$ 865,797</b>



# TOWN OF PICTURE BUTTE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Picture Butte are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the Town of Picture Butte are as follows:

#### a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in fund balances and change in financial position of the reporting entity. The entity is comprised of the municipal operations as well as the organizations that are owned or controlled by the Town and are, therefore, accountable to Town Council for the administration of their financial affairs and resources.

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

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

#### b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purpose of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

#### c) Use of Estimates

The preparation of consolidated financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditure during the period. Significant items subject to such estimates are the collectability of accounts receivable, and the useful life of tangible capital assets. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality.

# TOWN OF PICTURE BUTTE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d) Investments

Investments are recorded at amortized costs. 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.

#### e) 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.

#### 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 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) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectible for property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

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

#### h) Cash and Cash Equivalents

The Town's policy is to disclose bank balances under cash, including investments with maturity dates less than three months.



# TOWN OF PICTURE BUTTE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### i) Government Transfers

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

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

#### j) Inventories for Resale

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

#### k) Asset Retirement

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

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

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

# TOWN OF PICTURE BUTTE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### l) Revenue Recognition

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

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

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

#### m) Non-Financial Assets

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

#### n) Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when the town is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance, and monitoring.

#### o) 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	7-25
Buildings	10-50
Engineered Structures	15-75
Machinery and Equipment	5-20
Vehicles	5-25

Amortization is charged based on the month that it is purchased in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use. Amortization is stopped in the month that the asset is taken out of use.

#### 1) Contribution 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.



# TOWN OF PICTURE BUTTE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2) 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.

#### 3) Inventories

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

#### 4) Cultural and historical tangible capital assets

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

### 2. CASH AND TEMPORARY INVESTMENTS

	<u>2024</u>	<u>2023</u>
Cash	\$ 2,042,945	\$ 781,843
Temporary Investments	<u>3,422,464</u>	<u>3,646,790</u>
	<u>\$ 5,465,409</u>	<u>\$ 4,428,633</u>

Temporary investments are just high-interest savings accounts and notices on demand accounts with interest ranging from 0.65% to 5.35% (2023 - 0.65% to 5.35%).

Included in cash and temporary investments is a restricted amount of \$101,846 (2023 - \$263,174) received from various grant program which are held exclusively for approved projects (Note 5).

### 3. TAXES AND GRANTS IN LIEU RECEIVABLES

	<u>2024</u>	<u>2023</u>
Current taxes and grants in lieu	\$ 67,552	\$ 56,725
Arrears taxes	<u>35,272</u>	<u>24,554</u>
	<u>\$ 102,824</u>	<u>\$ 81,279</u>

### 4. TEMPORARY BANK INDEBTEDNESS

This temporary loan has been authorized by ATB Financial to a maximum of \$400,000 which bears interest at prime plus 1.0% per annum. Security pledged consists of a general security agreement. The balance outstanding at December 31, 2024 was nil (2023 - nil)

# TOWN OF PICTURE BUTTE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 5. DEFERRED REVENUE

	<u>2024</u>	<u>2023</u>
Prepayment of arena sponsorships & rentals	\$ 16,617	\$ 10,869
Prepaid Taxes	41,686	28,492
Arena Project	117,757	-
Dog Fountain	2,064	3,528
Emergency Mgmt Grant - ACP	101,846	133,851
Municipal Sustainability Initiative - Capital grant	-	129,323
	<u>\$ 279,970</u>	<u>\$ 306,063</u>

### 6. LOCAL GOVERNMENT FISCAL FRAMEWORK GRANT

Funding in the amount of \$544,269 was allocated in the current year from the Local Government Fiscal Framework. Of the \$544,269 allocated, \$407,719 is from the capital component of the program and is restricted to eligible capital projects, as approved under the funding agreement, which were scheduled for completion in 2024. The remaining \$136,550 is from the operating component of the program and is restricted to eligible operating projects, as approved under the funding agreement. Funds are not released unless projects submitted equals fund for the year.

### 7. LONG-TERM DEBT

	<u>2024</u>	<u>2023</u>
Tax supported debentures & loans	\$ 1,418,885	\$ 1,850,935

The current portion of long-term debt amounts to \$46,902 (2023 - \$221,308).

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 46,902	\$ 72,943	\$ 119,845
2026	48,395	70,273	118,668
2027	49,658	67,540	117,198
2028	26,986	64,743	91,729
2029	28,382	63,346	91,728
Thereafter	1,218,562	845,608	2,064,170
	<u>\$ 1,418,885</u>	<u>\$ 1,184,453</u>	<u>\$ 2,603,338</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 3.973% to 6.125% per annum and matures in periods 2025 to 2052

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

Interest on long-term debt amounted to \$81,317 (2023 - \$100,671).

The Town's total cash payments for interest in 2024 were \$82,285 (2023 - \$101,630).

# TOWN OF PICTURE BUTTE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 8. CONTAMINATED SITES LIABILITY

The town did not identify any financial liabilities in 2024 (2023 - nil) as a result of contaminated sites

### 9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2024	2023
Tangible capital asset cost (Schedule 2)	\$ 52,700,314	\$ 51,943,942
Accumulated amortization (Schedule 2)	(23,436,699)	(22,286,503)
Asset Retirement Obligation (Note 13)	(1,498,950)	(1,455,291)
Long-term debt (Note 7)	(1,418,885)	(1,850,935)
	<u>\$ 26,345,780</u>	<u>\$ 26,351,213</u>

### 10. DEBT LIMITS

Section 276 (2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Town be disclosed as follows:

	2024	2023
Total debt limit	\$ 9,150,248	\$ 8,734,430
Total debt	1,418,885	1,850,935
	<u>\$ 7,731,363</u>	<u>\$ 6,883,495</u>
Total Unused Debt Limit		
	<u>\$ 1,525,041</u>	\$ 1,455,738
Service on debt limit	119,845	312,569
Service on debt		
	<u>\$ 1,405,196</u>	<u>\$ 1,143,169</u>
Total Under Service on Debt Limit		

The debt limit is calculated at 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 financial statements must be interpreted as a whole.



# TOWN OF PICTURE BUTTE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 11. ACCUMULATED SURPLUS

	2024	2023
Unrestricted surplus	\$ 1,850,959	\$ 2,159,030
Restricted surplus (Note 20)	4,168,291	2,988,991
Equity in tangible capital assets (Note 9)	26,345,778	26,351,210
	<u>\$ 32,365,028</u>	<u>\$ 31,499,231</u>

### 12. SEGMENTED INFORMATION

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

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

### 13. ASSET RETIREMENT OBLIGATION

#### Asbestos abatement

The town owns building which contain asbestos 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. Undiscounted future cash flows expected are an abatement costs in year 2030 of \$1,777,674. The estimated total liability of \$1,455,291 (2024 - 1,498,950) is based on the sum of discounted future cash flows for abatement activities using a discount rate of 3% and assuming annual inflation of 2%. The town has not designated assets for settling the abatement activities.

	2024	2023
Balance, beginning of year	\$ 1,455,291	\$ -
Liabilities incurred	-	1,412,904
Liabilities settled		
Change in estimated cash flows		
Accretion Expenses	43,659	42,387
Estimated total Liability	<u>\$ 1,498,950</u>	<u>\$ 1,455,291</u>

# TOWN OF PICTURE BUTTE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 14. FRANCHISE CONTRACTS

Disclosure of franchise fees under each utility franchise agreement entered into by the Town as required by Alberta Regulation 313/2000 is as follows:

	Budget (Unaudited)	2024	2023
ATCO natural gas	\$ 95,000	\$ 95,590	\$ 94,564
Fortis electricity	160,000	169,472	162,473
	<u>\$ 255,000</u>	<u>\$ 265,062</u>	<u>\$ 257,037</u>

### 15. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected Town officials, the Chief Administrative Officer and Designated Officers as required by Alberta Regulation 313/2000 is as follows:

	2024		2023
	Salary (1)	Benefits & Allowances (2) & (3)	Total
Mayor - C. Moore	\$ 16,850	\$ 794	\$ 17,644
Councillors:			
H. Dekok	11,800	494	12,294
T. Feist	8,750	456	9,206
C. Papworth	11,000	446	11,446
S. Thomson	0	0	0
C. Neels	10,900	440	11,340
CAO	126,052	27,859	153,911
Bylaw Officer, Assessor	82,774	11,087	93,861

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

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

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



# TOWN OF PICTURE BUTTE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 16. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town of Picture Butte participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pension Plans Act. The Plan serves about 304,451 people and 441 employers in 2023. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contribution for current service are recorded as expenses in the year in which they become due.

The Town is required to make current service contributions to the Plan of 8.45% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 11.65% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary up to the year's maximum pensionable salary and 10.65% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2024 were \$92,566 (2023 - 93,301). Total current year service contributions by the employees of the Town to the LAPP were \$82,164 (2023 - \$82,751).

At December 31, 2023, the Plan disclosed an actuarial surplus of \$15.06 billion (2022 - surplus of \$12.7 billion).

### 17. CONTINGENCIES

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town of Picture Butte 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.

### 18. FINANCIAL INSTRUMENTS

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

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

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

# TOWN OF PICTURE BUTTE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 19. COMMITMENTS

The Town of Picture Butte has entered into operating leases for equipment and a photocopier. They also have contract commitments for technical support with several parties. The Town Picture Butte's obligations under these leases and contract are as follows:  
contract are as follows:

	\$
2025	4,532
2026	4,532
	<u>9,064</u>

### 20. RESERVES

Council for the Town of Picture Butte has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses.

	2024	2023
<b>Operating Reserves:</b>		
Senior's Transportation	\$ -	\$ 7,498
Admin Technology	74,895	58,660
Disaster Services	10,170	10,170
Ambulance Op Reserve	23,607	18,945
Common Services	88,667	88,667
Snow Removal/Storm	65,500	65,500
Water Meters	51,615	1,615
Economic Development Committee	46,232	46,232
General Operating Reserve	312,556	432,100
Policing Smoothing	9,984	42,392
Community/Senior Centre	9,952	9,952
Walk on the Wild Side Society	850	850
	<u>694,028</u>	<u>782,581</u>
<b>Capital Reserves:</b>		
General Capital Reserve	258,560	208,908
Administration - Building/Equipment	128,496	111,946
Emergency Services	925,888	750,285
Public Works	125,000	31,400
Streets/Sidewalk/Storm	201,339	186,595
Water	147,021	126,320
Sewer	546,780	342,202
Garbage - Equipment	34,521	25,321
Land Development	726,502	48,090
Swimming Pool	22,800	41,800
Parks - Equipment	200,078	187,378
Recreation complex	84,176	90,665
Community Centre/Library	73,100	55,500
	<u>3,474,261</u>	<u>2,206,410</u>
<b>Total Reserves:</b>	<u>4,168,289</u>	<u>2,988,991</u>

# TOWN OF PICTURE BUTTE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

### 21. BUDGET AMOUNTS

The 2024 budget for the Town of Picture Butte was approved by Council on March 11, 2024 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed or otherwise verified.

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

In addition, the approved budget did not contain an amount for all the amortization expenses. In order to enhance comparability, the actual amortization expenses have been included as a budget amount.

	<u>\$</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 1,622,230
Less: Capital expenditures	(1,222,500)
Less: Long-term debt repayments	(220,010)
Transfer to reserves	(385,355)
Add: Amortization - not included in budget	-
Funds from unrestricted reserve	-
Transfer to operating	152,310
Borrowed funds	-
Transfer to capital	<u>53,325</u>
Equals: approved budget	\$ <u><u>-</u></u>

### 22. COMPARATIVE FIGURES

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

### 23. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

Council and Management have approved these consolidated financial statements.