

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133
Consolidated Financial Statements
For the Year Ended December 31, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Members of Council of Municipal District of Spirit River No. 133

The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of management.

The consolidated financial statements are prepared by management in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of consolidated financial statements.

JDP Wasserman LLP have been appointed by the Members of Council of Municipal District of Spirit River No. 133 to express an opinion on the consolidated financial statements.



Dan Dibbelt
Chief Administrative Officer

Shirley Hayden
Interim Assistant CAO

Spirit River, AB
August 27, 2025

INDEPENDENT AUDITORS' REPORT

To the Members of Council of Municipal District of Spirit River No. 133

Opinion

We have audited the consolidated financial statements of Municipal District of Spirit River No. 133 (the "MD"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Those charged with governance (Members of Council) are responsible for overseeing the MD's financial reporting process.

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Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 MD'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 MD's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the MD 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.

Edmonton, Alberta
August 27, 2025

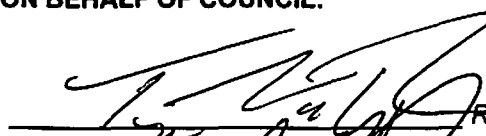
**JDP Wasserman
LLP**
Chartered Professional Accountants

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133**Consolidated Statement of Financial Position****As at December 31, 2024**


	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 4,220,903	\$ 2,901,800
Accounts receivable (Note 3)	1,196,297	1,479,740
Land held for resale	1,068,728	1,068,728
Investments (Note 4)	3,203,292	3,408,950
	<u>9,689,220</u>	<u>8,859,218</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	260,091	472,415
Deposit liabilities	21,003	19,503
Deferred revenue (Note 6)	298,216	64,260
	<u>579,310</u>	<u>556,178</u>
NET FINANCIAL ASSETS	<u>9,109,910</u>	<u>8,303,040</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	68,706	99,041
Inventory for consumption	821,166	800,939
Tangible capital assets (Schedule 1)	24,755,797	25,582,206
	<u>25,645,669</u>	<u>26,482,186</u>
ACCUMULATED SURPLUS (Note 8)	<u>\$ 34,755,579</u>	<u>\$ 34,785,226</u>

CONTINGENCY (Note 15)

ON BEHALF OF COUNCIL:



Reeve



Councillor

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2024

	2024 (Budget) (Note 12)	2024 (Actual)	2023 (Actual)
REVENUES			
Net municipal property taxes (Schedule 3)	\$ 3,999,887	\$ 3,984,044	\$ 3,546,998
Government transfers for operating (Schedule 4)	432,536	543,345	379,536
Investment income	150,000	263,635	207,602
User fees and sales of goods	177,130	261,742	226,632
Other revenues	118,288	140,735	198,378
Rentals	67,020	64,580	64,476
Penalties and costs on taxes	8,000	19,893	17,155
Licenses and permits	-	3,150	24,200
	<u>4,952,861</u>	<u>5,281,124</u>	<u>4,664,977</u>
EXPENSES			
Roads, streets, walks, lighting	2,065,825	3,773,332	3,409,907
General administration	1,059,583	1,085,311	1,129,739
Economic and agricultural development	434,021	320,455	308,137
Fire fighting and protective services	251,803	252,521	232,233
Family and community support services	193,085	201,511	215,813
Council and legislative	168,654	151,493	174,776
Other public health and welfare	70,860	103,725	86,807
Parks and recreation	77,625	81,263	76,932
Disaster and emergency services	8,850	80,258	8,546
Land use planning, zoning and development	61,200	51,081	53,797
Other planning and development	28,095	30,967	24,910
Culture	19,750	16,739	16,664
Cemetery	14,000	13,998	15,894
Water supply and distribution	1,500	4,441	29,420
Waste management	5,000	2,551	4,663
	<u>4,459,851</u>	<u>6,169,646</u>	<u>5,788,238</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	<u>493,010</u>	<u>(888,522)</u>	<u>(1,123,261)</u>
OTHER REVENUES (EXPENSES)			
Government transfers for capital (Schedule 4)	693,875	858,875	1,960,886
Gain on disposal of tangible capital assets	-	-	7,515
	<u>693,875</u>	<u>858,875</u>	<u>1,968,401</u>
ANNUAL SURPLUS (DEFICIT)	<u>1,186,885</u>	<u>(29,647)</u>	<u>845,140</u>
ACCUMULATED SURPLUS - TO BEGIN YEAR	<u>34,785,226</u>	<u>34,785,226</u>	<u>33,940,086</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 35,972,111</u>	<u>\$ 34,755,579</u>	<u>\$ 34,785,226</u>

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133
Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2024

	2024 (Budget) (Note 12)	2024 (Actual)	2023 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ 1,186,885	\$ (29,647)	\$ 845,140
Amortization of tangible capital assets	-	1,663,207	1,662,713
Purchase of tangible capital assets	(815,000)	(836,798)	(1,432,735)
Proceeds on disposal of tangible capital assets	-	-	7,515
Gain on disposal of tangible capital assets	-	-	(7,515)
Use (acquisition) of prepaid expenses	-	30,335	(53,014)
Use (acquisition) of inventory for consumption	-	(20,227)	(182,485)
	(815,000)	836,517	(5,521)
INCREASE IN NET FINANCIAL ASSETS	371,885	806,870	839,619
NET FINANCIAL ASSETS - BEGINNING OF YEAR	8,303,040	8,303,040	7,463,421
NET FINANCIAL ASSETS - END OF YEAR	\$ 8,674,925	\$ 9,109,910	\$ 8,303,040

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133**Consolidated Statement of Cash Flows****For the Year Ended December 31, 2024**

	2024	2023
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (29,647)	\$ 845,140
Item not affecting cash and cash equivalents:		
Amortization of tangible capital assets	1,663,207	1,662,713
Gain on disposal of tangible capital assets	-	(7,515)
	<u>1,633,560</u>	<u>2,500,338</u>
Changes in non-cash working capital:		
Accounts receivable	283,443	524,010
Accounts payable and accrued liabilities	(212,324)	(552,630)
Deposit liabilities	1,500	-
Deferred revenue	233,956	(694,529)
Prepaid expenses	30,335	(53,014)
Inventory for consumption	(20,227)	(182,485)
	<u>316,683</u>	<u>(958,648)</u>
Cash flow from operating activities	<u>1,950,243</u>	<u>1,541,690</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(836,798)	(1,432,735)
Proceeds on disposal of tangible capital assets	-	7,515
Net change in investments	<u>205,658</u>	<u>(1,523,035)</u>
Cash flow used by investing activities	<u>(631,140)</u>	<u>(2,948,255)</u>
FINANCING ACTIVITY		
Repayment of long-term debt	-	(86,750)
Cash flow from (used by) financing activity	<u>-</u>	<u>(86,750)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>1,319,103</u>	<u>(1,493,315)</u>
Cash and cash equivalents - beginning of year	<u>2,901,800</u>	<u>4,395,115</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,220,903</u>	<u>\$ 2,901,800</u>

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133

Schedule of Tangible Capital Assets

For the Year Ended December 31, 2024

(Schedule 1)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2024	2023
COST								
BALANCE, BEGINNING OF YEAR	\$ 557,032	\$ -	\$ 3,362,234	\$ 75,056,832	\$ 3,207,304	\$ 929,231	\$ 83,112,633	\$ 81,680,898
Purchase of tangible capital assets	767,492	-	69,306	-	-	-	836,798	1,432,735
Disposal of tangible capital assets	-	-	-	-	-	-	-	(1,000)
BALANCE, END OF YEAR	\$ 1,324,524	\$ -	\$ 3,431,540	\$ 75,056,832	\$ 3,207,304	\$ 929,231	\$ 83,949,431	\$ 83,112,633
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	\$ -	\$ -	\$ 472,513	\$ 55,211,649	\$ 1,150,376	\$ 695,889	\$ 57,530,427	\$ 55,868,714
Amortization of tangible capital assets	-	-	68,631	1,381,426	157,867	55,283	1,663,207	1,662,713
Disposal of tangible capital assets	-	-	-	-	-	-	-	(1,000)
BALANCE, END OF YEAR	\$ -	\$ -	\$ 541,144	\$ 56,593,075	\$ 1,308,243	\$ 751,172	\$ 59,193,634	\$ 57,530,427
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 1,324,524	\$ -	\$ 2,890,396	\$ 18,463,757	\$ 1,899,061	\$ 178,059	\$ 24,755,797	\$ 25,582,206
 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS, 2023	 \$ 557,032	 \$ -	 \$ 2,889,721	 \$ 19,845,183	 \$ 2,056,928	 \$ 233,342		 \$ 25,582,206

Included in the net book value of tangible capital assets is work-in-progress of \$Nil (2023 - \$Nil).

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133

Schedule of Equity in Tangible Capital Assets

(Schedule 2)

For the Year Ended December 31, 2024

	2024	2023
BALANCE, BEGINNING OF YEAR	\$ 25,582,206	\$ 25,812,184
Purchase of tangible capital assets	836,798	1,432,735
Amortization of tangible capital assets	(1,663,207)	(1,662,713)
Cost of tangible capital assets disposed of	-	(1,000)
Accumulated amortization of tangible capital assets disposed	-	1,000
BALANCE, END OF YEAR	\$ 24,755,797	\$ 25,582,206
Equity in tangible capital assets is comprised of:		
Net book value of tangible capital assets (Schedule 1)	\$ 24,755,797	\$ 25,582,206

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133

Schedule of Property Taxes

(Schedule 3)

For the Year Ended December 31, 2024

	2024 (Budget) (Note 12)	2024 (Actual)	2023 (Actual)
TAXATION			
Real property taxes	\$ 2,921,550	\$ 3,095,572	\$ 2,299,479
Designated industrial property taxes	1,757,909	1,577,148	1,913,986
	<u>\$ 4,679,459</u>	<u>\$ 4,672,720</u>	<u>\$ 4,213,465</u>
REQUISITIONS			
Alberta School Foundation Fund	\$ 644,727	\$ 653,837	\$ 644,365
Grande Spirit Foundation	26,403	26,403	14,156
Designated Industrial Property	8,442	8,436	7,946
	<u>\$ 679,572</u>	<u>\$ 688,676</u>	<u>\$ 666,467</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 3,999,887</u>	<u>\$ 3,984,044</u>	<u>\$ 3,546,998</u>

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133

Schedule of Government Transfers

(Schedule 4)

For the Year Ended December 31, 2024

	2024 (Budget) (Note 12)	2024 (Actual)	2023 (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 336,082	\$ 492,172	\$ 334,374
Local government	32,954	35,454	37,850
Federal government	63,500	15,719	7,312
	<u>\$ 432,536</u>	<u>\$ 543,345</u>	<u>\$ 379,536</u>
TRANSFERS FOR CAPITAL			
Provincial government	\$ 693,875	\$ 858,875	\$ 1,902,369
Federal government	-	-	58,517
	<u>\$ 693,875</u>	<u>\$ 858,875</u>	<u>\$ 1,960,886</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 1,126,411</u>	<u>\$ 1,402,220</u>	<u>\$ 2,340,422</u>

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133

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

(Schedule 5)

	2024 (Budget) (Note 12)	2024 (Actual)	2023 (Actual)
Amortization of tangible capital assets	\$ -	\$ 1,663,207	\$ 1,662,713
Materials, goods and utilities	1,323,721	1,585,261	1,347,615
Salaries, wages and benefits	1,649,613	1,569,969	1,491,075
Contracted and general services	1,179,683	983,624	928,621
Purchases from other governments	195,934	266,946	195,845
Transfers to individuals and organizations	56,500	62,746	61,282
Transfers to local boards and agencies	19,750	16,739	16,664
Bank charges and short-term interest	29,650	13,189	18,233
Transfers to other governments	5,000	7,965	65,228
Provision for allowances	-	-	962
	\$ 4,459,851	\$ 6,169,646	\$ 5,788,238

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133

**Schedule of Segmented Disclosure
For the Year Ended December 31, 2024**

(Schedule 6)

	General government	Protective services	Transportation services	Environmental services	Health and welfare	Planning and development	Recreation and culture	2024
REVENUES								
Net municipal property taxes	\$ 733,103	\$ 255,718	\$ 2,740,606	\$ -	\$ 3,868	\$ 205,062	\$ 45,687	\$ 3,984,044
Government transfers for operating	51,121	75,809	10,500	-	215,668	166,247	24,000	543,345
Investment income	263,635	-	-	-	-	-	-	263,635
User fees and sales of goods	1,765	-	172,150	62,372	23,955	1,500	-	261,742
Other revenues	54,897	-	1,200	-	52,272	4,051	28,315	140,735
Rentals	63,120	-	1,460	-	-	-	-	64,580
Penalties and costs on taxes	19,893	-	-	-	-	-	-	19,893
Licenses and permits	-	-	-	-	-	3,150	-	3,150
	\$ 1,187,534	\$ 331,527	\$ 2,925,916	\$ 62,372	\$ 295,763	\$ 380,010	\$ 98,002	\$ 5,281,124
EXPENSES								
Materials, goods and utilities	\$ 118,582	\$ 82	\$ 1,270,740	\$ 1,481	\$ 89,840	\$ 63,296	\$ 41,240	\$ 1,585,261
Salaries, wages and benefits	493,258	-	694,769	-	174,440	203,055	4,447	1,569,969
Contracted and general services	539,842	64,715	236,032	2,551	25,549	113,359	1,576	983,624
Purchases from other governments	216	266,730	-	-	-	-	-	266,946
Transfer to individuals & organizations	22,641	-	-	-	5,855	250	34,000	62,746
Transfers to local boards and agencies	-	-	-	-	-	-	16,739	16,739
Bank charges and short-term interest	12,995	-	65	-	79	50	-	13,189
Transfers to other governments	-	-	7,965	-	-	-	-	7,965
	1,187,534	331,527	2,209,571	4,032	295,763	380,010	98,002	4,506,439
NET REVENUE BEFORE AMORTIZATION OF TANGIBLE CAPITAL ASSETS	\$ -	\$ -	\$ 716,345	\$ 58,340	\$ -	\$ -	\$ -	\$ 774,685
Amortization of tangible capital assets	\$ 49,272	\$ 1,252	\$ 1,563,761	\$ 2,960	\$ 23,470	\$ 22,492	\$ -	\$ 1,663,207
NET REVENUE (DEFICIT)	\$ (49,272)	\$ (1,252)	\$ (847,416)	\$ 55,380	\$ (23,470)	\$ (22,492)	\$ -	\$ (888,522)

The accompanying notes form an integral part of these consolidated financial statements.
JDP Wasserman LLP /// Chartered Professional Accountants

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133

**Schedule of Segmented Disclosure
For the Year Ended December 31, 2023**

(Schedule 7)

	General government	Protective services	Transportation services	Environmental services	Health and welfare	Planning and development	Recreation and culture	2023
REVENUES								
Net municipal property taxes	\$ 895,907	\$ 231,055	\$ 2,185,345	\$ -	\$ 14,384	\$ 168,573	\$ 51,734	\$ 3,546,998
Government transfers for operating	49,330	8,828	10,371	-	120,760	166,247	24,000	379,536
User fees and sales of goods	2,130	-	146,671	65,730	11,581	520	-	226,632
Investment income	207,602	-	-	-	-	-	-	207,602
Other revenues	20,322	-	7,063	-	148,320	4,813	17,860	198,378
Rentals	63,826	-	650	-	-	-	-	64,476
Licenses and permits	-	-	-	-	-	24,200	-	24,200
Penalties and costs on taxes	17,155	-	-	-	-	-	-	17,155
	<u>\$ 1,256,272</u>	<u>\$ 239,883</u>	<u>\$ 2,350,100</u>	<u>\$ 65,730</u>	<u>\$ 295,045</u>	<u>\$ 364,353</u>	<u>\$ 93,594</u>	<u>\$ 4,664,977</u>
EXPENSES								
Salaries, wages and benefits	\$ 499,024	\$ -	\$ 666,255	\$ -	\$ 151,885	\$ 167,826	\$ 6,085	\$ 1,491,075
Materials, goods and utilities	158,549	207	973,339	1,460	94,783	72,356	46,921	1,347,615
Contracted and general services	530,620	44,263	200,661	4,663	37,727	109,132	1,555	928,621
Purchases from other governments	432	195,413	-	-	-	-	-	195,845
Transfers to other governments	35,228	-	5,000	25,000	-	-	-	65,228
Transfer to individuals & organizations	13,324	-	-	-	10,600	14,989	22,369	61,282
Bank charges and short-term interest	18,133	-	-	-	50	50	-	18,233
Transfers to local boards and agencies	-	-	-	-	-	-	16,664	16,664
Provision for allowances	962	-	-	-	-	-	-	962
	<u>1,256,272</u>	<u>239,883</u>	<u>1,845,255</u>	<u>31,123</u>	<u>295,045</u>	<u>364,353</u>	<u>93,594</u>	<u>4,125,525</u>
NET REVENUE (DEFICIT) BEFORE AMORTIZATION OF TANGIBLE CAPITAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 504,845</u>	<u>\$ 34,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 539,452</u>
Amortization of tangible capital assets	<u>\$ 48,244</u>	<u>\$ 895</u>	<u>\$ 1,564,652</u>	<u>\$ 2,960</u>	<u>\$ 23,470</u>	<u>\$ 22,492</u>	<u>\$ -</u>	<u>\$ 1,662,713</u>
NET REVENUE (DEFICIT)	<u>\$ (48,244)</u>	<u>\$ (895)</u>	<u>\$ (1,059,807)</u>	<u>\$ 31,647</u>	<u>\$ (23,470)</u>	<u>\$ (22,492)</u>	<u>\$ -</u>	<u>\$ (1,123,261)</u>

The accompanying notes form an integral part of these consolidated financial statements.
JDP Wasserman LLP /// Chartered Professional Accountants

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

1. ACCOUNTING POLICIES

The consolidated financial statements of Municipal District of Spirit River (the "MD") are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the MD are as follows:

(a) *Reporting Entity*

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

The schedule of property taxes also includes requisitions that are not part of the reporting entity.

The consolidated financial statements exclude trust assets that are administered for the benefit of external parties.

(b) *Basis of Accounting*

The MD follows the accrual basis of accounting. Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the MD has met any eligibility criteria, and reasonable estimates of the amounts can be made.

(c) *Cash and Cash Equivalents*

Cash and cash equivalents includes items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of 90 days or less at acquisition.

(d) *Investments*

Investments are recorded at cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written-down to recognize the loss. Gains on principal protected notes are recognized as income when sold.

(e) *Land Held for Resale*

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and 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.

(continues)

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

1. ACCOUNTING POLICIES (*continued*)

(f) *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 annual surplus (deficit), provides the Consolidated Statement of Changes in Net Financial Assets for the year (page 7).

(g) *Inventories for Consumption*

Inventories of materials and supplies for consumption are recorded at the lower of cost or net realizable value with cost determined using the average cost method.

(h) *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:

Buildings	50 years
Engineered structures:	
Road system	20 - 60 years
Bridges and culverts	10 - 80 years
Machinery and equipment	10 - 20 years
Vehicles	10 - 25 years

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 received or purchased as part of a restructuring transaction are recorded at carrying value at the date of receipt and also are recorded as revenue.

Tangible capital assets under construction are not amortized until the asset is substantially complete and available for productive use. Those tangible capital assets not meeting this criteria are categorized as work-in-progress as of year-end.

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

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.

(i) *Landfill Closure and Post-Closure Liability*

Pursuant to the *Alberta Environmental Protection and Enhancement Act*, the MD is required to fund the closure of its landfill site and provide for post-closure costs of the facility. 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 requirement is to be provided for over the estimated remaining useful life of the landfill site based on usage.

(continues)

1. ACCOUNTING POLICIES *(continued)*

(j) Contaminated Sites

Contaminated sites are defined as a result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the MD is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

(k) Tax Revenue

Property taxes are recognized as revenue in the year they are levied.

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 collectable from property owners for work performed by the MD and are recognized as revenue in the year in which the local improvement project is completed.

(l) Requisition Over-levies and Under-levies

Requisition 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. If 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.

(m) Use of Estimates

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The MD has used estimates to determine accrued liabilities including asset retirement obligations, tangible capital asset useful lives and well as provisions made for allowances for amounts receivable or any provision for impairment.

(continues)

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

1. ACCOUNTING POLICIES *(continued)*

(n) 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 financial statement date when there is a legal obligation for the MD 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 the 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 MD reviews the carrying amount of the liability. The MD 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 MD 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.

2. CASH AND CASH EQUIVALENTS

	<u>2024</u>	<u>2023</u>
Temporary investments	\$ 3,471,018	\$ 2,577,590
Operating bank account	729,337	305,168
Treasury bill savings account	19,548	18,042
Petty cash	<u>1,000</u>	<u>1,000</u>
	<u>\$ 4,220,903</u>	<u>\$ 2,901,800</u>

Temporary investments include investment portfolio cash and high interest savings accounts, as well as guaranteed investment certificates ("GICs") and bonds which have a maturity of 90 days or less at acquisition.

The MD does not have any existing credit facility agreements in place.

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133**Notes to Consolidated Financial Statements****For the Year Ended December 31, 2024****3. ACCOUNTS RECEIVABLE**

	2024	2023
Receivable from other governments	\$ 949,083	\$ 1,296,837
Trade and other	106,419	38,421
Taxes and grants in place of taxes	80,538	24,164
Accrued interest	75,026	56,942
Goods and Services Tax recoverable (payable)	(14,769)	63,376
	\$ 1,196,297	\$ 1,479,740

4. INVESTMENTS

	2024 Market Value	2024 Cost	2023 Market Value	2023 Cost
Bonds	\$ 2,609,939	\$ 2,514,932	\$ 2,368,138	\$ 2,332,290
GICs	688,355	688,355	1,076,655	1,076,655
UFA Co-op Ltd. shares	5	5	5	5
	\$ 3,298,299	\$ 3,203,292	\$ 3,444,798	\$ 3,408,950

Investments bear interest at rates ranging from 2.00% to 5.40% (2023 - 2.00% - 5.40%) per annum and mature at dates between April 2025 - June 2037 (2023 - April 2024 - June 2035).

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Trade and other	\$ 182,486	\$ 393,721
Employee earned vacation, sick and overtime liability	77,605	78,694
	\$ 260,091	\$ 472,415

6. DEFERRED REVENUE

Deferred revenue represents unspent externally restricted funds that are related to expenses that will be incurred in a future period.

	2024	2023
Alberta Community Partnership	\$ 150,000	\$ -
Canada Community Building Fund	87,809	-
Other	39,757	43,610
Alberta Rural Transportation Program	20,650	20,650
	\$ 298,216	\$ 64,260

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

7. 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 MD be disclosed as follows:

	2024	2023
Total debt limit	\$ 7,921,686	\$ 6,997,466
Total debt	-	-
Service on debt limit	\$ 1,320,281	\$ 1,166,244
Service on debt	-	-

The debt limit is calculated at 1.5 times revenues of the MD (as defined by Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenues. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the stability of the MD. Rather, the consolidated financial statements must be interpreted as a whole.

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133**Notes to Consolidated Financial Statements****For the Year Ended December 31, 2024****8. ACCUMULATED SURPLUS**

	2024	2023
Unrestricted surplus	\$ 1,946,721	\$ 1,051,566
Restricted surplus		
Operating reserves (<i>Note 9</i>)	7,978,754	8,077,147
Capital reserves (<i>Note 9</i>)	74,307	74,307
Equity in tangible capital assets (<i>Schedule 2</i>)	24,755,797	25,582,206
	\$ 34,755,579	\$ 34,785,226

9. RESTRICTED SURPLUS

	2024	2023
Operating Reserves		
Contingency (mill rate stabilization)	\$ 6,786,953	\$ 6,908,077
Heritage	1,000,000	1,000,000
Brownlee building government rent	88,770	44,385
Family and community support services	75,235	96,889
Municipal land reserve	27,796	27,796
	\$ 7,978,754	\$ 8,077,147
Capital Reserves		
Fire fighting and services	\$ 40,000	\$ 40,000
Public health	20,000	20,000
Family and community support services	8,706	8,706
Economic / agricultural	5,601	5,601
	\$ 74,307	\$ 74,307

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

10. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for MD officials, the MD Chief Administrative Officer and designated officers are required by Alberta Regulation 313/200 is as follows:

	Salary (1)	Benefits (2)	2024	2023
Reeve Van Rootselaar, Tony	\$ 24,864	\$ 222	\$ 25,086	\$ 29,739
Councillors				
Van Rootselaar, Nick	30,869	1,140	32,009	38,500
Bzowy	21,523	52	21,575	25,293
Garrow	15,836	107	15,943	28,172
Chief Administrative Officer				
Dibbelt	198,933	-	198,933	196,384
Designated Officers - 2 (3)	135,092	2,240	137,332	137,916
	\$ 427,117	\$ 3,761	\$ 430,878	\$ 456,004

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

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

(3) Designated officers consist of an Agricultural Fieldperson and a Contracted Assessor.

11. LOCAL AUTHORITIES PENSION PLAN

Employees of the MD participate in the Local Authorities Pension Plan ("LAPP"), which is one of the plans covered by the *Public Sector Pension Plans Act*. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

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

The MD is required to make current service contributions to the LAPP at 8.45% (2023 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (2023 - 12.23%) on pensionable earnings above this amount. Employees of the MD are required to make current service contributions of 7.45% (2023 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 10.65% (2023 - 11.23%) on pensionable earnings above this amount.

Total current and past service contributions by the MD to the LAPP in 2024 were \$89,787 (2023 - \$85,281). Total current and past service contributions by employees of the MD to the LAPP in 2024 were \$79,851 (2023 - \$75,911).

At December 31, 2023 the LAPP disclosed an actuarial surplus of \$15.057 billion (2022 - \$12.671 billion).

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

12. BUDGET FIGURES

	2024 (Budget)	2024 (Actual)
Annual surplus	\$ 1,186,885	\$ (29,647)
Amortization of tangible capital assets	-	1,663,207
Acquisition of tangible capital assets	(815,000)	(836,798)
Net transfers (to) from reserves:		98,393
Funding acquisition of tangible capital assets	121,125	-
Other net transfers from reserves	78,703	-
Other net transfers to reserves	(571,713)	-
Results of operations	\$ -	\$ 895,155

The budget data presented in these consolidated financial statements is based on the operating and capital budgets approved by MD Council on April 17, 2024. The chart above reconciles the approved financial plan to the figures reported in these consolidated financial statements.

13. FINANCIAL INSTRUMENTS

The MD's financial instruments consist of cash and cash equivalents, investments, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the MD is not exposed to significant currency, other price or liquidity risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The MD is exposed to credit risk with respect to its accounts receivable. Credit risk arises from the possibility that customers, tax and rate-payers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers, tax and rate-payers minimizes the MD's credit risk.

The MD is exposed to interest rate risk with respect to its investments. Interest rate risk is the risk that the value of financial instruments might be adversely affected by a change in interest rates. The MD manages exposure through its normal operating and financing activities, and holding short-term investments that are approximately equal to any significant specific liabilities as they become due.

14. SEGMENTED INFORMATION

The MD provides a range of services to its citizens. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in *Note 1*. For additional information see the Schedules of Segmented Disclosure (*Schedule 6 & Schedule 7*).

15. CONTINGENCY

The MD is a member of the Jubilee Reciprocal Insurance Exchange. Under the terms of membership, the MD 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.

MUNICIPAL DISTRICT OF SPIRIT RIVER NO. 133

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

16. TRUST FUNDS

The MD administers the following trusts which are not reflected in these consolidated financial statements. Changes in the balances are as follows:

	Opening	Tax sale surpluses in year	Interest earned	Ending
Tax sale surplus	\$ 41,615	\$ -	\$ -	\$ 41,615

17. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by MD Council and management.
