

VILLAGE OF CREMONA
Financial Statements
Year Ended December 31, 2024

VILLAGE OF CREMONA
Index to Financial Statements
Year Ended December 31, 2024

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	2
INDEPENDENT AUDITOR'S REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Operations and Accumulated Surplus	6
Statement of Changes in Net Financial Debt	7
Statement of Cash Flows	8
Schedule of Tangible Capital Assets (<i>Schedule 1</i>)	9
Schedule of Property Taxes (<i>Schedule 2</i>)	10
Schedule of Government Transfers (<i>Schedule 3</i>)	11
Schedule of Segmented Disclosure (<i>Schedule 4</i>)	12
Schedule of Segmented Disclosure (<i>Schedule 5</i>)	13
Schedule of Expenses by Object (<i>Schedule 6</i>)	14
Schedule of Equity in Tangible Capital Assets (<i>Schedule 7</i>)	15
Notes to Financial Statements	16 - 28

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Village of Cremona's management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Village's financial position as at December 31, 2024 and the results of its operations for the year then ended.

The financial statements have been prepared in accordance with Canadian public sector accounting standards. The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

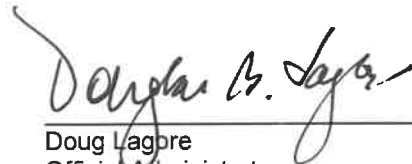
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The Village Council is responsible for overseeing management in the performance of its reporting responsibilities, and for approving the financial statements. Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Village's external auditors.

The financial statements have been audited by the independent firm of JDP Wasserman LLP. Their report to the Members of Council of the Village of Cremona, stating the scope of their examination and opinion on the financial statements, follow.



Karen O'Connor
Chief Administrative Officer



Doug Lagpre
Official Administrator

Cremona, Alberta
April 29, 2025

INDEPENDENT AUDITOR'S REPORT

To the Councils of Village of Cremona

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Village in accordance with ethical requirements that are relevant to our audit of the 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Village'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 Village or to cease operations, or has no realistic alternative but to do so.

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

(continues)

Independent Auditor's Report to the Councils of Village of Cremona (*continued*)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Village'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 Village'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 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 Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

JDP Wasserman LLP

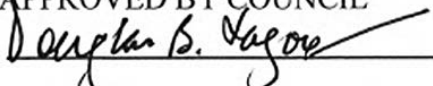
Wetaskiwin, Alberta
April 29, 2025

CHARTERED PROFESSIONAL ACCOUNTANTS

VILLAGE OF CREMONA
Statement of Financial Position
December 31, 2024

	2024	2023
ASSETS		
Cash	\$ 29,724	\$ 59
Restricted Cash (Note 2)	72,818	87,435
Taxes receivable (Note 3)	47,983	29,109
Trade and other receivable (Note 3)	49,800	55,326
Due from other governments (Note 4)	407,025	280,240
Investments (Note 5)	16,230	15,455
	<u>623,580</u>	<u>467,624</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	76,899	87,227
Deposit liabilities	2,700	1,265
Deferred revenue (Note 7)	347,115	303,110
Long-term debt (Note 8)	235,200	296,017
	<u>661,914</u>	<u>687,619</u>
NET FINANCIAL DEBT	<u>(38,334)</u>	<u>(219,995)</u>
NON-FINANCIAL ASSETS		
Non-financial land holdings	24,398	24,398
Prepaid expenses	-	-
Tangible capital assets (Schedule 1)	6,755,440	6,787,587
	<u>6,779,838</u>	<u>6,811,985</u>
ACCUMULATED SURPLUS (Note 10)	<u>\$ 6,741,504</u>	<u>\$ 6,591,990</u>

CONTINGENCIES AND COMMITMENTS (NOTE 16)

APPROVED BY COUNCIL

 OFFICIAL ADMINISTRATOR

VILLAGE OF CREMONA**Statement of Operations and Accumulated Surplus****Year Ended December 31, 2024**

	2024 (Budget)	2024 (Actual)	2023 (Actual)
REVENUES			
Net municipal property taxes <i>(Schedule 2)</i>	\$ 507,964	\$ 481,298	\$ 455,389
User fees and sale of goods	439,101	418,630	403,111
Penalties and costs on taxes	6,500	5,260	6,399
Franchise and concession contracts <i>(Note 11)</i>	70,498	67,950	71,321
Licenses and permits	5,700	2,933	1,703
Other revenues	33,907	24,689	32,630
Investment income	200	891	2,047
Fines	100	-	-
Government transfers for operating <i>(Schedule 3)</i>	160,297	185,033	175,673
	1,224,267	1,186,684	1,148,273
EXPENSES <i>(Schedule 6)</i>			
Legislative	32,765	38,214	21,126
General administration	308,325	295,258	275,438
Protective services	84,834	115,376	83,503
Transportation	209,554	273,521	215,157
Environmental	317,950	346,148	364,233
Community services	82,825	115,122	119,480
Planning and development	16,150	6,023	650
Recreation and culture	106,409	92,978	99,121
	1,158,812	1,282,640	1,178,708
SURPLUS (DEFICIT) FROM OPERATIONS	65,455	(95,956)	(30,435)
OTHER ITEMS			
Government transfers for capital <i>(Schedule 3)</i>	-	245,470	17,250
ANNUAL SURPLUS (DEFICIT)	65,455	149,514	(13,185)
ACCUMULATED SURPLUS - BEGINNING	-	6,591,990	6,605,175
ACCUMULATED SURPLUS - END	\$ 65,455	\$ 6,741,504	\$ 6,591,990

The accompanying notes form an integral part of these financial statements

VILLAGE OF CREMONA**Statement of Changes in Net Financial Debt****Year Ended December 31, 2024**

	2024 Budget	2024 (Actual)	2023 (Actual)
ANNUAL SURPLUS (DEFICIT)	\$ 65,455	\$ 149,514	\$ (13,185)
Amortization of tangible capital assets	-	226,209	218,421
Acquisition of tangible capital assets	(455,000)	(194,062)	(230,796)
Impairment of tangible capital assets	-	-	-
	<u>(455,000)</u>	<u>32,147</u>	<u>(12,375)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(389,545)	181,661	(25,560)
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	<u>-</u>	<u>(219,995)</u>	<u>(194,435)</u>
NET FINANCIAL DEBT - END OF YEAR	<u>\$ (389,545)</u>	<u>\$ (38,334)</u>	<u>\$ (219,995)</u>

The accompanying notes form an integral part of these financial statements

VILLAGE OF CREMONA
Statement of Cash Flows
Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 149,514	\$ (13,185)
Item not affecting cash:		
Amortization of tangible capital assets	226,209	218,421
	<u>375,723</u>	<u>205,236</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes	(18,874)	(5,999)
Trade and other receivables	5,527	(22,274)
Due from other governments	(126,785)	(110,801)
Accounts payable and accrued liabilities	(10,329)	(16,281)
Deferred revenue	44,005	134,281
Deposit liabilities	1,435	(1,285)
	<u>(105,021)</u>	<u>(22,359)</u>
Cash flow from operating activities	<u>270,702</u>	<u>182,877</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(194,062)	(230,796)
Net change in investments	(775)	(1,903)
Net change in restricted cash	14,617	(132)
Cash flow used by investing activities	<u>(180,220)</u>	<u>(232,831)</u>
FINANCING ACTIVITY		
Repayment of long-term debt	(60,817)	(59,965)
Cash flow used by financing activity	<u>(60,817)</u>	<u>(59,965)</u>
INCREASE (DECREASE) IN CASH FLOW	29,665	(109,919)
Cash - beginning of year	<u>59</u>	<u>109,978</u>
CASH - END OF YEAR	\$ 29,724	\$ 59

The accompanying notes form an integral part of these financial statements

VILLAGE OF CREMONA
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2024

(Schedule 1)

	Land	Land Improvements	Buildings	Engineered Structures	Vehicles	Machinery & Equipment	Assets under Construction	2024	2023
<u>Cost</u>									
Balance, beginning of year	\$ 111,940	\$ 90,257	\$ 609,314	\$ 8,883,910	\$ 65,867	\$ 382,080	\$ 230,796	\$ 10,374,166	\$ 10,143,370
Acquisition of tangible capital assets	-	-	-	-	-	-	194,062	194,062	230,796
Net change in assets under construction	-	-	-	385,905	-	-	(385,905)	-	-
Disposals	-	-	-	-	-	-	-	-	-
Balance, end of year	111,940	90,257	609,314	9,269,815	65,867	382,080	38,953	10,568,228	10,374,166
<u>Accumulated Amortization</u>									
Balance, beginning of year	-	63,197	124,437	3,139,392	36,224	223,327	-	3,586,579	3,368,158
Add:									
Amortization	-	2,975	11,686	180,112	5,337	26,099	-	226,209	218,421
Less:									
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	-
Balance, end of year	-	66,172	136,123	3,319,504	41,561	249,426	-	3,812,788	3,586,579
Net book value of tangible capital assets	\$ 111,940	\$ 24,085	\$ 473,191	\$ 5,950,311	\$ 24,306	\$ 132,654	\$ 38,953	\$ 6,755,440	\$ 6,787,587
2023 Net book value of tangible capital assets	\$ 111,940	\$ 27,060	\$ 484,877	\$ 5,744,518	\$ 29,643	\$ 158,753	\$ 230,796	\$ 6,787,587	

The accompanying notes are an integral part of these financial statements

VILLAGE OF CREMONA**Schedule of Property Taxes****(Schedule 2)****For the Year Ended December 31, 2024**

	2024 (Budget)	2024 (Actual)	2023 (Actual)
TAXATION			
Real property taxes	\$ 668,949	\$ 645,997	\$ 606,062
Designated industrial property taxes	14,940	15,720	13,338
Government grants in lieu of property taxes	1,967	1,967	1,923
	<u>685,856</u>	<u>663,684</u>	<u>621,323</u>
REQUISITIONS			
Alberta School Foundation Fund	138,289	138,289	130,671
Mountain View Seniors Housing	19,957	19,957	19,678
Alberta Policing	19,564	24,140	15,585
	<u>177,810</u>	<u>182,386</u>	<u>165,934</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 508,046</u>	<u>\$ 481,298</u>	<u>\$ 455,389</u>

VILLAGE OF CREMONA**Schedule of Government Transfers****(Schedule 3)****For the Year Ended December 31, 2024**

	2024 (Budget)	2024 (Actual)	2023 (Actual)
TRANSFERS FOR OPERATING			
Local government	\$ 88,669	\$ 116,619	\$ 106,290
Provincial government	69,020	68,414	69,383
Federal government	2,608	-	-
	160,297	185,033	175,673
TRANSFERS FOR CAPITAL			
Provincial government	-	245,470	17,250
TOTAL GOVERNMENT TRANSFERS	\$ 160,297	\$ 430,503	\$ 192,923

The accompanying notes form an integral part of these financial statements

VILLAGE OF CREMONA
Schedule of Segmented Disclosure
For the Year Ended December 31, 2024

(Schedule 4)

	General government	Protective services	Transportation services	Environmental services	Community services	Planning and development	Recreation and culture	2024
<u>REVENUES</u>								
Net municipal taxes	\$ 481,298	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 481,298
User fees and sales of goods	-	4,565	-	359,397	12,732	41,936	-	418,630
Penalties and costs on taxes	5,260	-	-	-	-	-	-	5,260
Franchise and concession contracts	67,950	-	-	-	-	-	-	67,950
Licenses and permits	1,187	125	-	-	-	1,621	-	2,933
Other revenues	2,276	-	-	-	13,013	-	9,400	24,689
Investment income	891	-	-	-	-	-	-	891
Fines	-	-	-	-	-	-	-	-
Government transfers for operating	54,535	-	-	15,870	78,767	-	35,861	185,033
	613,397	4,690	-	375,267	104,512	43,557	45,261	1,186,684
<u>EXPENSES</u>								
Contracted and general services	111,813	68,949	82,687	133,763	38,445	5,940	8,555	450,152
Materials, goods and utilities	30,124	41,316	44,232	31,179	15,264	83	12,131	174,329
Provisions for allowances	8,186	-	-	-	-	-	-	8,186
Salaries, wages and benefits	163,917	-	63,255	66,295	51,350	-	14,671	359,488
Transfers to local boards and agencies	-	-	-	-	8,700	-	48,508	57,208
Bank charges and short-term interest	2,430	-	-	-	-	-	-	2,430
Interest on long-term debt	-	-	4,638	-	-	-	-	4,638
Amortization of tangible capital assets	12,364	5,111	83,347	114,911	1,363	-	9,113	226,209
	328,834	115,376	278,159	346,148	115,122	6,023	92,978	1,282,640
<u>OTHER ITEMS</u>								
Government transfers for capital	245,470	-	-	-	-	-	-	245,470
ANNUAL SURPLUS (DEFFICIT)	\$ 530,033	\$ (110,686)	\$ (278,159)	\$ 29,119	\$ (10,610)	\$ 37,534	\$ (47,717)	\$ 149,514

The accompanying notes are an integral part of these consolidated financial statements
JDP Wasserman LLP

VILLAGE OF CREMONA
Schedule of Segmented Disclosure
For the Year Ended December 31, 2023

(Schedule 5)

	General government	Protective services	Transportation services	Environmental services	Community services	Planning and development	Recreation and culture	2023
<u>REVENUES</u>								
Net municipal taxes	\$ 455,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 455,389
User fees and sales of goods	225	-	-	397,715	5,171	-	-	403,111
Penalties and costs on taxes	6,399	-	-	-	-	-	-	6,399
Franchise and concession contracts	71,321	-	-	-	-	-	-	71,321
Licenses and permits	925	150	-	-	-	628	-	1,703
Other revenues	1,765	-	-	-	18,015	-	12,850	32,630
Investment income	2,047	-	-	-	-	-	-	2,047
Fines	-	-	-	-	-	-	-	-
Government transfers for operating	54,536	-	-	-	86,325	-	34,812	175,673
	592,607	150	-	397,715	109,511	628	47,662	1,148,273
<u>EXPENSES</u>								
Contracted and general services	83,348	62,211	51,831	187,742	56,403	650	4,255	446,440
Materials, goods and utilities	25,305	16,946	37,841	42,421	14,352	-	16,820	153,685
Provisions for allowances	968	-	-	-	-	-	-	968
Salaries, wages and benefits	164,262	-	41,261	21,936	42,525	-	28,572	298,556
Transfers to local boards and agencies	-	-	-	-	6,200	-	46,499	52,699
Bank charges and short-term interest	2,448	-	-	-	-	-	-	2,448
Interest on long-term debt	5,491	-	-	-	-	-	-	5,491
Amortization of tangible capital assets	14,742	4,346	84,224	112,134	-	-	2,975	218,421
	296,564	83,503	215,157	364,233	119,480	650	99,121	1,178,708
<u>OTHER ITEMS</u>								
Government transfers for capital	17,250	-	-	-	-	-	-	17,250
ANNUAL SURPLUS (DEFFICIT)	\$ 313,293	\$ (83,353)	\$ (215,157)	\$ 33,482	\$ (9,969)	\$ (22)	\$ (51,459)	\$ (13,185)

VILLAGE OF CREMONA**Schedule of Expenses by Object
For the Year Ended December 31, 2024****(Schedule 6)**

	2024 (Budget)	2024 (Actual)	2023 (Actual)
Contracted and general services	\$ 556,959	\$ 450,152	\$ 446,440
Materials, goods and utilities	199,625	174,329	153,685
Provision for allowances	-	8,186	968
Salaries, wages and benefits	338,265	359,488	298,556
Transfers to local boards and agencies	48,509	57,208	52,699
Bank charges and short-term interest	9,600	2,430	2,448
Interest on long-term debt	5,854	4,638	5,491
Amortization of tangible capital assets	-	226,209	218,421
	\$ 1,158,812	\$ 1,282,640	\$ 1,178,708

The accompanying notes form an integral part of these financial statements

VILLAGE OF CREMONA**Schedule of Equity in Tangible Capital Assets****(Schedule 7)****For the Year Ended December 31, 2024**

	2024	2023
BALANCE, BEGINNING OF YEAR	\$ 6,491,570	\$ 6,419,230
Purchase of tangible capital assets	194,062	230,796
Net disposal of tangible capital assets	-	-
Amortization of tangible capital assets	(226,209)	(218,421)
Repayment of long-term debt	60,817	59,965
Accretion expense on asset retirement obligations	-	-
BALANCE, END OF YEAR	\$ 6,520,240	\$ 6,491,570
Equity in tangible capital assets is comprised of:		
Net book value of tangible capital assets <i>(Schedule 1)</i>	\$ 6,755,440	\$ 6,787,587
Long-term debt used for capital <i>(Note 8)</i>	(235,200)	(296,017)
	\$ 6,520,240	\$ 6,491,570

The accompanying notes form an integral part of these financial statements

VILLAGE OF CREMONA
Notes to Financial Statements
Year Ended December 31, 2024

1. ACCOUNTING POLICIES

The financial statements of the Village of Cremona (the "Village") are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Village are as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses, cash flows, changes in accumulated surplus and change in financial position of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Village and are, therefore, accountable to Village 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 financial statements exclude trust assets that are administered for the benefit of external parties.

(b) Basis of Accounting

The Village 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 Village has met any eligibility criteria, and reasonable estimates of the amounts can be made.

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

(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 are held for the purposes of operations rather than for investing.

(d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized 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. Gains on principal protected notes are recognized as income when sold.

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VILLAGE OF CREMONA
Notes to Financial Statements
Year Ended December 31, 2024

1. ACCOUNTING POLICIES *(continued)*

(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.

(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 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:

Land improvements	15 - 50 years
Buildings	50 years
Engineered structures	10 - 100 years
Machinery and equipment	5 - 25 years
Vehicles	5 - 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.

(continues)

VILLAGE OF CREMONA
Notes to Financial Statements
Year Ended December 31, 2024

1. ACCOUNTING POLICIES *(continued)*

(i) 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 Village 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.

(j) Asset Retirement Obligation

A liability is recognized when, as at the financial reporting date:

- a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- b) the past transaction or event giving rise to the liability has occurred;
- c) it is expected that future economic benefits will be given up; and
- d) a reasonable estimate of the amount can be made.

The liability for the removal of asbestos and other hazardous material in several of the buildings owned by the Village has been initially recognized using the modified retroactive method. The liability has been measured at the present value of the estimated future costs. The resulting costs have been capitalized into the carrying amount of tangible capital assets and are being amortized on the same basis as the related tangible capital asset (Note 1(h)). The asset retirement obligation is adjusted for the passage of time, which is recognized as accretion expense, and for revisions to the timing or the amount of the estimated liability. Actual costs incurred are charged against the asset retirement obligation to the extent of the liability recorded. Differences between the actual costs incurred and the liability are recognized in the excess of revenues over expenses when remediation is completed. Assumptions used in the calculations are reviewed annually.

(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 Village 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.

(continues)

VILLAGE OF CREMONA
Notes to Financial Statements
Year Ended December 31, 2024

1. ACCOUNTING POLICIES *(continued)*

(m) 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.

The Village has used estimates to determine accrued liabilities, tangible capital asset useful lives, the fair value of contributed tangible capital assets, as well as provisions made for allowances for amounts receivable or any provision for impairment.

(n) New Accounting Standards Adopted in the Year

Effective for fiscal years beginning on or after April 1, 2023, PS3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

Effective for fiscal years beginning on or after April 1, 2023, PSG-8 This new guideline allows for recognition of intangibles purchased through an exchange transaction.

Effective for fiscal years beginning on or after April 1, 2023, PS3160 establishes standards on how to account for public private partnership arrangements.

(continues)

VILLAGE OF CREMONA
Notes to Financial Statements
Year Ended December 31, 2024

1. ACCOUNTING POLICIES *(continued)*

(o) Financial Instruments

Cash and equity Instruments quoted In an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial Instruments is presented on the statement of financial position.

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

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

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

All financial assets are tested annually for Impairment. When financial assets are Impaired, Impairment losses are recorded In the statement of operations.

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

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.

VILLAGE OF CREMONA
Notes to Financial Statements
Year Ended December 31, 2024

2. RESTRICTED CASH

Restricted cash is comprised of cash on deposit as follows:

	<u>2024</u>	<u>2023</u>
Municipal Sustainability Initiative - capital	\$ -	\$ 3,961
Canada Community Building Fund	-	10,867
Federal Access Grant	19,719	19,720
Other Deferred Grant	114	-
Disaster Services Reserve	11,477	11,454
Fire Capital Reserve	6,566	6,554
Capital Plan Reserve	34,942	34,879
	<u>\$ 72,818</u>	<u>\$ 87,435</u>

3. RECEIVABLES

	<u>2024</u>	<u>2023</u>
Current taxes and grants in place of taxes	\$ 47,983	\$ 29,109
Utilities receivable	36,367	36,271
Trade and accrued receivables	13,433	19,055
	<u>49,800</u>	<u>55,326</u>
	<u>\$ 97,783</u>	<u>\$ 84,435</u>

The Village follows the methods of recovering taxes in arrears as prescribed in section 411 of the Municipal Government Act, which includes the right of the Village to offer up for sale at a public auction those properties with taxes in arrears.

4. DUE FROM OTHER GOVERNMENTS

	<u>2024</u>	<u>2023</u>
Due from provincial government	\$ 389,362	\$ 268,562
Goods and services tax recoverable	17,663	11,678
	<u>\$ 407,025</u>	<u>\$ 280,240</u>

5. INVESTMENTS

	<u>2024</u>	<u>2023</u>
Connect First Credit Union	\$ 16,230	\$ 15,455

Total common share value as at December 31, 2023 includes Common Share dividends as well as Investment Share dividends. Common shares paid out at a rate of 5.00% in 2024

VILLAGE OF CREMONA
Notes to Financial Statements
Year Ended December 31, 2024

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are employee benefit obligations (accrued wages and vacation) of \$12,027 (2023 - \$12,935). Employees have either earned the benefits or are entitled to these within the next budgetary year.

7. DEFERRED REVENUE

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

	2024	2023
Municipal Sustainability Initiative - Capital	\$ -	\$ 172,523
Local Government Fiscal Framework - Capital	213,904	-
Canada Community Building Fund	113,378	110,867
Other	19,833	19,720
	\$ 347,115	\$ 303,110

VILLAGE OF CREMONA
Notes to Financial Statements
Year Ended December 31, 2024

8. LONG-TERM DEBT

	<u>2024</u>	<u>2023</u>
Debenture payable bearing interest at 1.782% per annum, repayable in semi-annual blended payments of \$16,443 due September 2026.	\$ 64,332	\$ 95,651
Debenture payable bearing interest at 1.592% per annum, repayable in semi-annual blended payments of \$16,285 due June 2030.	<u>170,868</u>	<u>200,366</u>
	<u>\$ 235,200</u>	<u>\$ 296,017</u>

The Village has access to an operating revolving line of credit of \$250,000 not to exceed the prime lending rate from time to time, no funds were advanced as of December 31, 2024.

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 61,849	\$ 3,607	\$ 65,456
2026	62,899	2,557	65,456
2027	30,934	1,636	32,570
2028	31,429	1,141	32,570
2029	31,931	639	32,570
Thereafter	<u>16,158</u>	<u>129</u>	<u>16,287</u>
	<u>\$ 235,200</u>	<u>\$ 9,709</u>	<u>\$ 244,909</u>

VILLAGE OF CREMONA
Notes to Financial Statements
Year Ended December 31, 2024

9. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 294/2020 for the Village of Cremona be disclosed as follows:

	<u>2024</u>	<u>2023</u>
Total debt limit	\$ 1,780,026	\$ 1,722,410
Total debt	<u>(235,200)</u>	<u>(296,017)</u>
Total debt limit remaining	\$ 1,544,826	\$ 1,426,393
Service on debt limit	\$ 296,671	\$ 287,068
Service on debt	<u>(65,456)</u>	<u>(65,456)</u>
Total service on debt limit remaining	\$ 231,215	\$ 221,612

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

10. ACCUMULATED SURPLUS

	<u>2024</u>	<u>2023</u>
Unrestricted surplus (deficit)	\$ (351,002)	\$ (471,846)
Restricted surplus		
Operating reserves	2,000	2,000
Capital reserves	570,266	570,266
Equity in tangible capital assets (<i>Schedule 7</i>)	<u>6,520,240</u>	<u>6,491,570</u>
	\$ 6,741,504	\$ 6,591,990

11. FRANCHISE AND CONCESSION CONTRACTS

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

	2024 (Budget)	2024 (Actual)	2023 (Actual)
Fortis Alberta Inc.	\$ 12,000	\$ 17,197	\$ 13,789
ATCO natural gas	50,000	50,753	57,532
	<u>\$ 62,000</u>	<u>\$ 67,950</u>	<u>\$ 71,321</u>

VILLAGE OF CREMONA
Notes to Financial Statements
Year Ended December 31, 2024

12. SALARIES AND BENEFITS DISCLOSURE

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

	Salary (1)	Benefits (2)	2024	2023
Hagen, T (Mayor)	\$ 2,595	\$ 105	\$ 2,700	\$ 2,942
Councillors				
Canaday, J (Deputy Mayor)	1,940	57	1,997	2,585
Goebel, S	1,285	32	1,317	2,100
Thompson, T	935	23	958	1,750
Dick, J	1,285	32	1,317	1,050
Schmidt, A	935	23	958	-
Shi, J	-	-	-	440
Chief Administrative Officer				
O'Connor, K	85,129	12,338	97,467	92,883
Designated Officers	7,775	-	7,775	7,700
	\$ 101,879	\$ 12,610	\$ 114,489	\$ 111,450

(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.

13. BUDGET FIGURES

	2024 Budget	2024 Actual
Annual surplus (deficit)	\$ 65,455	\$ 149,514
Government transfers for capital	-	(245,470)
Amortization of tangible capital assets	-	226,209
Repayment of long-term debt	(65,455)	(60,817)
Transfers to reserves	-	-
Transfers from reserves	-	-
Results of operations	\$ -	\$ 69,436

The budget data presented in these financial statements is based on the operating and capital budgets approved by Village Council on May 28, 2024. The chart above reconciles the approved financial plan to the figures reported in these financial statements.

VILLAGE OF CREMONA
Notes to Financial Statements
Year Ended December 31, 2024

14. FINANCIAL INSTRUMENTS

The Village'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 Village is not exposed to significant market or liquidity risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The Village 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 Village's credit risk.

15. SEGMENTED INFORMATION

The Village provides a range of services to its citizens. Segmented information has been identified based upon lines of service provided by the Village. Services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segments information, along with the services they provide, are as follows:

- a) General government:
The mandate of general government includes all taxation, Council and administrative functional activities.
- b) Protective services:
The mandate of protective services is to provide for the rescue and protection of people and property within the Village through effective and efficient management and coordination of emergency service systems and resources.
- c) Transportation services:
Roads, streets, walks, and lighting services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, streets, walks, lighting and drainage.
- d) Environmental services:
Environmental services is responsible for water supply and distribution services within the Village, as well as wastewater treatment and disposal activities, and waste management and recycling functions.
- e) Planning and development:
Planning and development is responsible for the administration of residential, commercial, industrial and agricultural development services within the Village.
- f) Recreation and culture:
The parks and recreation department is responsible for operation and maintenance of parks, sports fields, recreation, community and cultural facilities within the Village.
- g) Community services:
Community services provides funding for programs that support individuals, families, and communities. Programs and services are delivered through Family and Community Support Services. Other public health services are also included in community services.

For additional information see the Schedules of Segmented Disclosure (*Schedule 4 & Schedule 5*).

VILLAGE OF CREMONA
Notes to Financial Statements
Year Ended December 31, 2024

16. CONTINGENCIES AND GUARANTEES

- The Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Village 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.
- During the year ended December 31, 2024, the Village identified a situation involving a suspected incident resulting in a potential misappropriation of Village assets. The incident was reported and is in the process of being investigating, to determine the overall impact to the Village. The Village has taken steps to enhance its security measures, including increased monitoring of inventory and improved internal controls. The financial impact of the suspected loss has not yet been determined.

The Village continues to cooperate with the investigation team and is closely monitoring the situation. Management believes the enhanced security measures will help prevent similar incidents in the future

- The Village is involved in an employment related legal dispute as at December 31, 2024, the outcome of which is not currently determinable. Any related settlement not covered by insurance will be recorded as an expense in the year incurred.

17. LOCAL AUTHORITIES PENSION PLAN

Employees of the Village participate in the Local Authorities Pension Plan ("LAPP"), which is one of the plans covered by the *Alberta Public Sector Pension Plans Act*.

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

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

Total current and past service contributions by the Village to the LAPP in 2024 totaled \$19,635 (2023 - \$10,350). Total current and past service contributions by the employees of the Village to the LAPP in 2024 totaled \$17,679 (2023 - \$9,252).

As at December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.057 billion (2022 - \$12.67 billion). This amount was not specifically allocated to the participating government organizations. The actuarial surplus or deficit is determined by an actuarial funding valuation performed, at a minimum, every three years.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

VILLAGE OF CREMONA
Notes to Financial Statements
Year Ended December 31, 2024

19. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by Village Council and management on April 29, 2025.
