



Town of Edson
Consolidated Financial Statements
December 31, 2024

Management's Responsibility

To the Mayor and Councillors of Town of Edson:

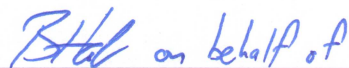
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council composed primarily of Councillors who are neither management nor employees of the Town. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for the appointment of the Town's external auditors.

MNP LLP is appointed by the Mayor and Councillors to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

August 19, 2025

Handwritten signature of Christine Beveridge in blue ink.

Christine Beveridge, CLGM
Chief Administrative Officer

Handwritten signature of Denise MacDonald in blue ink.

Denise MacDonald, BBA, CLGM
Chief Financial Officer

To the Mayor and Councillors of Town of Edson:

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on June 28, 2024.

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 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 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.

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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities and business units within the Town as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

Leduc, Alberta

August 19, 2025

MNP LLP

Chartered Professional Accountants



Town of Edson
Consolidated Statement of Financial Position
As at December 31, 2024

	2024	2023 (Restated)
Financial assets		
Cash and cash equivalents (Note 3)	35,207,034	38,537,001
Accounts receivable (Note 5)	7,142,291	12,528,160
Investments (Note 4)	7,000,000	-
Taxes receivable (Note 6)	877,893	1,212,953
Inventory held for resale	8,991	1,891
Land held for resale (Note 18)	10,388	-
	50,246,597	52,280,005
Liabilities		
Accounts payable and accrued liabilities (Note 7)	4,150,659	7,336,365
Deferred revenue (Note 8)	10,512,127	9,309,986
Deposit liabilities	688,271	773,212
Asset retirement obligations (Note 9)	10,867,402	10,618,658
Long-term debt (Note 10)	9,149,596	9,796,882
	35,368,055	37,835,103
Net financial assets	14,878,542	14,444,902
Non-financial assets		
Tangible capital assets (Schedule 2)	133,171,015	125,791,668
Inventory for consumption	830,944	923,758
Prepaid expenses	77,714	85,237
Land held for resale (Note 18)	1,182,850	1,188,452
Total non-financial assets	135,262,523	127,989,115
Accumulated surplus, as restated (Schedule 1)	150,141,065	142,434,017

Contingencies (Note 19)

Commitments (Note 20)

Approved on behalf of Council

Mayor

Deputy Mayor

The accompanying notes are an integral part of these financial statements

Town of Edson
Consolidated Statement of Operations and Accumulated Surplus
For the year ended December 31, 2024

	2024 <i>Budget</i> <i>(Note 21)</i>	2024	2023 <i>(Restated)</i>
Revenue			
Net municipal taxes <i>(Schedule 3)</i>	13,927,817	13,619,436	13,523,106
User fees and sale of goods	6,895,397	8,620,735	6,847,546
Government transfers for operating <i>(Schedule 4)</i>	6,922,314	8,414,447	10,328,144
Investment income	178,000	1,990,683	906,444
Franchise and concession fees <i>(Note 22)</i>	1,010,000	1,061,611	984,346
Fines	980,700	628,049	704,617
Rentals	593,629	552,549	656,955
Other revenues	20,000	264,696	227,896
Penalties and costs on taxes	155,000	209,383	235,766
Permits and licences	116,000	97,996	101,998
	30,798,857	35,459,585	34,516,818
Expenses			
General Government	4,217,846	4,495,117	4,078,748
Protective Services	5,475,626	5,393,175	9,112,473
Transportation Services	5,868,505	6,707,877	6,491,753
Environmental	4,079,824	6,972,740	6,997,381
Social Programs & Services	1,148,551	1,207,587	1,035,344
Planning & Economic Development	769,674	624,547	566,549
Recreations, Parks & Culture	5,317,138	5,798,968	5,693,884
Land & Subdivisions	15,000	-	40,520
	26,892,164	31,200,011	34,016,652
Excess of revenue over expenses before other	3,906,693	4,259,574	500,166
Other			
Government transfers for capital <i>(Schedule 4)</i>	24,339,856	3,397,432	2,048,826
Gain on disposal of tangible capital assets	-	50,042	26,940
Other contributions to capital	-	-	1,510,572
	24,339,856	3,447,474	3,586,338
Excess of revenue over expenses	28,246,549	7,707,048	4,086,504
Accumulated surplus, beginning of year, as previously stated	143,649,132	143,649,132	138,142,713
Correction of errors <i>(Note 26)</i>	-	(1,215,115)	204,800
Accumulated operating surplus, beginning of year, as restated	143,649,132	142,434,017	138,347,513
Accumulated operating surplus, end of year	171,895,681	150,141,065	142,434,017

The accompanying notes are an integral part of these financial statements



Town of Edson
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2024

	2024 Budget (Note 21)	2024	2023 <i>(Restated)</i>
Excess of revenue over expenses	28,246,549	7,707,048	4,086,504
Acquisition of tangible capital assets	(27,548,000)	(12,834,603)	(15,450,002)
Amortization of tangible capital assets of tangible capital assets	-	5,430,165	5,055,565
Proceeds on sale of tangible capital assets	-	75,132	321,842
Gain on sale of tangible capital assets	-	(50,042)	(26,940)
Decrease (increase) in prepaid expenses	-	7,524	(11,686)
Decrease (increase) in inventory for consumption	-	92,814	(39,379)
Increase in land held for resale	-	5,602	-
Increase (decrease) in net financial assets	698,549	433,640	(6,064,096)
Net financial assets, beginning of year, as restated	14,444,902	14,444,902	20,508,998
Net financial assets, end of year	15,143,451	14,878,542	14,444,902

The accompanying notes are an integral part of these financial statements



Town of Edson
Consolidated Statement of Cash Flows
For the year ended December 31, 2024

	2024	2023 <i>(Restated)</i>
Operating activities		
Excess of revenue over expenses	7,707,048	4,086,504
Non-cash items:		
Amortization of tangible capital assets	5,430,166	5,055,565
Gain on disposal of tangible capital assets	(50,042)	(26,940)
Net change in non-cash operating working capital accounts:		
Increase in deferred revenue	1,202,142	370,435
Decrease (increase) in prepaid expenses	7,523	(11,686)
Increase (decrease) in accounts payable and accrued liabilities	(3,438,335)	4,155,586
Decrease (increase) in trade and other accounts receivable	5,385,869	(9,292,549)
Increase in inventory held for resale	(4,786)	(266)
Decrease in property taxes receivable	335,060	-
Use (acquisition) of inventory for consumption	92,814	(37,694)
Increase in inventory held for resale	(7,100)	-
Increase in asset retirement obligation	248,743	8,666,848
Increase (decrease) in deposit liabilities	(84,940)	61,689
	16,824,162	13,027,492
Financing activities		
Repayment of long-term debt and capital leases	(916,856)	(699,831)
Capital activities		
Acquisition of tangible capital assets	(12,306,191)	(15,450,002)
Proceeds on disposal of tangible capital assets	68,918	321,841
Net changes in investments	(7,000,000)	78,414
	(19,237,273)	(15,049,747)
Decrease in cash resources	(3,329,967)	(2,722,086)
Cash resources, beginning of year	38,537,001	41,259,087
Cash resources, end of year	35,207,034	38,537,001
Cash resources are composed of:		
Cash <i>(Note 3)</i>	27,707,034	28,332,722
Temporary investments	7,500,000	10,204,279
	35,207,034	38,537,001

The accompanying notes are an integral part of these financial statements

Schedule 1 - Consolidated Schedule of Changes in Accumulated Surplus
For the year ended December 31, 2024

	<i>Unrestricted Surplus</i>	<i>Restricted Surplus (Note 12)</i>	<i>Equity in Tangible Capital Assets</i>	2024	2023 <i>(Restated)</i>
Balance, beginning of year, as restated	3,008,864	34,049,023	105,376,129	142,434,016	138,347,513
Excess of revenue over expenses	7,707,049	-	-	7,707,049	4,086,503
Unrestricted funds designated for future use	(3,569,711)	3,569,711	-	-	-
Restricted funds designated for future use	(815,211)	815,211	-	-	-
Current year funds used for tangible capital assets	(12,834,603)	-	12,834,603	-	-
Disposal of tangible capital assets	20,461	-	(20,461)	-	-
Annual amortization expense	5,430,165	-	(5,430,165)	-	-
Repayment of capital debt	(750,082)	-	750,082	-	-
Advances of capital leases	269,570	-	(269,570)	-	-
Repayment of capital leases	(162,142)	-	162,142	-	-
Asset retirement obligation	248,743	-	(248,743)	-	-
Change in accumulated surplus	(4,455,761)	4,384,922	7,777,888	7,707,049	4,086,503
Balance, end of year	(1,446,897)	38,433,945	113,154,017	150,141,065	142,434,016



Town of Edson

Schedule 2 - Consolidated Schedule of Tangible Capital Assets

For the year ended December 31, 2024

	Land	Land improvements	Buildings	Engineering structures	Equipment	Vehicles	Work in progress	2024	2023 (Restated)
Cost									
Balance, beginning of year	9,953,822	22,207,592	20,998,868	137,386,989	16,928,868	3,471,078	4,134,275	215,081,492	199,860,291
Acquisition of tangible capital assets	-	466,783	2,966,303	366,212	692,220	228,288	8,128,587	12,848,393	15,450,002
Transfer of assets under construction	-	-	-	6,386,277	-	-	(6,386,277)	-	-
Disposal of tangible capital assets	(18,421)	-	-	-	(333,588)	(130,712)	-	(482,721)	(228,801)
Transfer of assets between classes	-	457,938	(10,862)	-	(447,076)	-	-	-	-
Balance, end of year	9,935,401	23,132,313	23,954,309	144,139,478	16,840,424	3,568,654	5,876,585	227,447,164	215,081,492
Accumulated amortization									
Balance, beginning of year	-	10,960,506	8,962,369	58,466,202	8,601,764	2,298,983	-	89,289,824	84,313,843
Annual amortization	-	749,874	651,498	2,927,147	953,171	148,476	-	5,430,166	5,055,565
Accumulated amortization on disposals	-	-	-	-	(313,128)	(130,713)	-	(443,841)	(79,584)
Transfer of assets between classes	-	(8,037)	(6,889)	-	14,926	-	-	-	-
Balance, end of year	-	11,702,343	9,606,978	61,393,349	9,256,733	2,316,746	-	94,276,149	89,289,824
Net book value of tangible capital assets	9,935,401	11,429,970	14,347,331	82,746,129	7,583,691	1,251,908	5,876,585	133,171,015	125,791,668
2023 Net book value of tangible capital assets (restated)	9,953,822	11,247,086	12,036,499	78,920,787	8,327,104	1,172,096	4,134,275	125,791,668	

During the year, tangible capital assets were acquired at an aggregate cost of \$12,834,603, of which \$258,842 is in payables and \$269,570 was through capital leases. The remaining \$12,306,191 was acquired with cash. Proceeds on disposal of tangible capital assets of \$68,916 is entirely made up of cash.



Town of Edson
Schedule 3 - Consolidated Schedule of Property Taxes
For the year ended December 31, 2024

	2024 <i>Budget</i> <i>(Note 21)</i>	2024	<i>2023</i> <i>(Restated)</i>
Real property taxes			
Residential land and improvements	8,643,875	8,776,765	8,633,143
Non-residential land and improvements	7,675,098	7,435,836	7,348,087
Machinery and equipment	748,038	748,038	706,284
Farmland	290	290	290
Railway	48,610	48,611	48,988
Designated industrial Property	533,087	533,087	477,678
Non-Residential Tax Incentive <i>(Note 20)</i>	(54,023)	(54,023)	(13,065)
	17,594,975	17,488,604	17,201,405
Government Grants in Place of Taxes			
Federal	46,648	46,648	45,593
Provincial	190,104	190,104	188,204
	236,752	236,752	233,797
Local Improvement taxes			
Local improvement taxes	566,610	365,106	570,602
	566,610	365,106	570,602
Requisitions			
Alberta School Foundation Fund	(3,394,229)	(3,394,229)	(3,348,447)
Living Waters Catholic Regional Division #42	(362,190)	(362,190)	(388,991)
Evergreens Foundation	(707,526)	(707,526)	(738,685)
Designated Industrial Property Requisition	(6,575)	(7,081)	(6,575)
	(4,470,520)	(4,471,026)	(4,482,698)
Net municipal property taxes	13,927,817	13,619,436	13,523,106



Town of Edson
Schedule 4 - Consolidated Schedule of Government Transfers
For the year ended December 31, 2024

	2024 Budget (Note 21)	2024	2023 (Restated)
Operating			
Other local government, boards and agencies	6,143,413	6,779,860	6,234,756
Provincial government	746,926	1,521,708	4,081,588
Federal government	31,975	112,879	11,800
	6,922,314	8,414,447	10,328,144
Capital			
Other local government, boards and agencies	1,000,000	1,286,714	1,190,305
Provincial government	2,735,629	1,665,008	525,071
Federal government	20,604,227	445,709	333,450
	24,339,856	3,397,432	2,048,826
Total government transfers	31,262,170	11,811,878	12,376,970

Schedule 5 - Schedule of Segmented Disclosure
For the year ended December 31, 2024

	General Government	Protective Services	Transportation Services	Environmental	Social Programs & Services	Planning & Economic Development	Recreations, Parks & Culture	2024
Revenue								
Net municipal property taxes	13,254,331	-	177,310	187,795	-	-	-	13,619,436
User fees and sale of goods	17,358	186,249	923,477	7,222,214	107,822	12,400	151,215	8,620,735
Government transfers for operating	5,386,402	1,247,405	151,735	162,617	510,108	-	956,180	8,414,447
Government transfers for capital	26,372	-	51,891	1,064,180	-	-	2,254,990	3,397,433
Investment income	1,990,683	-	-	-	-	-	-	1,990,683
Franchise and concession fees	1,061,611	-	-	-	-	-	-	1,061,611
Fines	-	628,049	-	-	-	-	-	628,049
Rentals	28,075	-	79,102	-	156,900	-	288,472	552,549
Other revenues	5,875	54,548	30,859	27,030	7,728	-	138,657	264,697
Penalties and costs on taxes	209,383	-	-	-	-	-	-	209,383
Permits and licences	-	14,981	-	-	550	82,465	-	97,996
Gain (loss) on disposal of tangible capital assets	-	-	50,067	-	-	-	(27)	50,040
	21,980,090	2,131,232	1,464,441	8,663,836	783,108	94,865	3,789,487	38,907,059
Expenses								
Salaries, wages and benefits	2,637,951	1,134,039	2,277,111	1,093,483	611,111	347,551	2,519,237	10,620,483
Contracted and general services	1,287,679	970,308	992,850	2,281,491	322,613	272,853	986,537	7,114,331
Materials, goods and utilities	209,577	219,914	1,487,023	613,100	90,853	3,523	691,489	3,315,479
Purchases from other governments	-	2,820,293	-	-	-	-	-	2,820,293
Transfers to individuals and organizations	-	32,880	-	-	88,300	-	630,620	751,800
Transfers to local boards and agencies	-	-	-	-	-	-	378,775	378,775
Interest on long-term debt	-	-	57,803	274,972	-	-	-	332,775
Provisions for allowances	159,182	-	35	2,971	-	-	2,097	164,285
Asset retirement obligations accretion	14,266	-	-	147,921	-	-	-	162,187
Transfers to other governments	-	97,371	-	-	-	-	-	97,371
Bank charges and short-term interest	12,068	-	-	-	-	-	-	12,068
	4,320,723	5,274,805	4,814,822	4,413,938	1,112,877	623,927	5,208,755	25,769,847
Excess (deficiency) of revenue over expenses, before amortization	17,659,367	(3,143,573)	(3,350,381)	4,249,898	(329,769)	(529,062)	(1,419,268)	13,137,212
Amortization of tangible capital assets	174,394	118,370	1,893,055	2,558,803	94,710	620	590,213	5,430,165
Excess (deficiency) of revenue over expenses	17,484,973	(3,261,943)	(5,243,436)	1,691,095	(424,479)	(529,682)	(2,009,481)	7,707,047



Town of Edson
Schedule 6 - Schedule of Consolidated Expenses by Object
For the year ended December 31, 2024

	2024 Budget (Note 21)	2024	2023 <i>(Restated)</i>
Consolidated expenses by object			
Salaries, wages and benefits	11,425,439	10,620,484	10,044,293
Contracted and general services	7,200,357	7,114,331	10,954,396
Amortization of tangible capital assets	-	5,430,165	5,055,565
Materials, goods and utilities	3,504,965	3,315,478	2,960,551
Purchases from other governments	3,028,000	2,820,293	2,856,898
Transfers to individuals and organizations	792,600	751,800	963,199
Transfers to local boards and agencies	378,775	378,775	344,000
Interest on long-term debt	308,528	332,775	362,071
Provisions for allowances	50,500	164,285	38,638
Asset retirement obligations accretion	-	162,186	318,552
Transfers to other governments	190,000	97,371	105,577
Bank charges and short-term interest	13,000	12,068	12,912
	26,892,164	31,200,011	34,016,652

1. Significant accounting policies

The consolidated financial statements of the Town of Edson (the "Town") are the representations of management prepared in accordance with the Canadian public sector accounting standards (PSAS). The significant aspects of the accounting policies adopted by the Town are as follows:

a) Reporting entity

The financial statements include the assets, liabilities, revenues and expenses, and change in consolidated net financial assets and consolidated accumulated surplus of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources. Included with the Town are the following:

West Yellowhead Regional Waste Management Authority
Edson Family and Community Support Services

The Town is a member of the West Yellowhead Regional Waste Management Authority (the "Authority"). The Town accounts for the Authority as a government partnership using the proportionate consolidation method, consistent with the public sector accounting treatment for a government business partnership. Under this method, the Town's proportionate share of assets, liabilities, revenues and expenses are included in the consolidated financial statements.

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

The consolidated financial statements exclude trust assets that are administered for the benefit of external parties. Inter-departmental and organizational transactions and balances are eliminated.

b) Basis of accounting

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

c) Use of estimates

In accordance with Canadian public sector accounting standards, the preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue 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.

Trade and other accounts receivable and property taxes receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Provisions are made for slow moving and obsolete inventory.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the year in which they become known.

d) Financial instruments

The Town recognizes its financial instruments when the Town becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Town may irrevocably elect to subsequently measure any financial instrument at fair value. The Town has not made such an election during the year.

1. Significant accounting policies *(Continued from previous page)****Financial instruments*** *(Continued from previous page)*

The Town subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Those that are not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenue over expenses. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the consolidated statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value.

e) Segments

The Town conducts its business through a number of reportable segments. These operating segments are established by senior management to facilitate the achievement of the Town's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

f) 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, are held for the purposes of operations rather than for investing, and have a maturity of less than one year as of year-end.

g) Investments

Investments are recorded at cost. Investment income is recognized as revenue in the period earned. When required by government funding agreement, investment income earned on deferred revenue is allocated to the deferred revenue balance.

h) Asset classification

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

i) Tangible capital assets

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

Contribution of Tangible Capital Assets

Contributed tangible assets are recorded at their fair value at the date of contribution and are also recorded in revenue.

1. Significant accounting policies *(Continued from previous page)*

Tangible capital assets *(Continued from previous page)*

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. At the inception of a capital lease, an asset and a payment obligation is recorded at the present value of the minimum lease payments. Assets under capital leases are amortized on the straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Amortization

Amortization is charged in the year of disposition and disposal. Assets under construction are not amortized until the asset is available for productive use. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

	<i>Method</i>	<i>Years</i>
Land improvements	straight-line	10 - 50 years
Buildings	straight-line	25 - 50 years
Engineered structures	straight-line	10 - 75 years
Equipment	straight-line	5 - 40 years
Vehicles	straight-line	10 - 25 years

All assets held for use are measured and amortized as described in the Tangible Capital Asset Policy F-X-1. Tangible capital assets have a finite useful life. The Town performs impairment testing on assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of an asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Impairments are included in excess of revenue over expense for the year.

j) Inventory for consumption

Inventories held for consumption are recorded at the lower of cost or net realizable value.

k) Prepaid expenses

Prepaid expenses include pre-payments on goods and services which will be utilized in the following fiscal year.

l) Land for resale inventory

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisitions 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 tangible capital assets under the respective function.

m) Property tax requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and property tax revenue is increased.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

1. Significant accounting policies (Continued from previous page)**n) Revenue recognition****Government transfers**

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

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Town recognizes revenue as a liability until it is settled.

External contributions

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

Tax revenue

Property tax revenue is based on market value assessments determined in accordance with the *Municipal Government Act* and tax rates established annually by Town Council. The Town recognizes taxes as assets and revenue when the tax has been authorized by bylaw and the taxable event has occurred.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with *Municipal Government Act*. Assessments may change due to appeal or as a result of adjustments made by assessors to correct errors or omissions. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the Town evaluates the tax receivable for collectability and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary. Gains or losses on assessment changes or appeals are recorded as adjustments to tax revenue and tax receivables when written decision is received from the authorized board, or a change is generated by designated assessor.

Fines and penalties

Traffic fine revenue is recorded as cash as received, which is not materially different than recording revenue on an accrual basis.

Environmental services

Environmental services commonly referred to as utility services includes water supply and distribution, wastewater treatment and disposal and waste management, recycling and landfill. The Town recognizes the provision of environmental services as assets and revenue when they meet the definition of an asset and in the period the utility services are provided to the consumer.

Other revenue

The Town accounts for all other revenue in the period the transactions or events giving rise to the revenue occurred.

o) Asset retirement obligations

A liability for an asset retirement obligation is recognized at the reasonable estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Town to incur retirement costs in relation to a tangible capital asset (or component thereof), 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. A reasonable estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at December 31, 2024. 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 (or component thereof). The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which incurred incrementally with the use of the asset are recognized in the period incurred with a corresponding retirement cost expensed in the period.

1. Significant accounting policies *(Continued from previous page)***Asset retirement obligations** *(Continued from previous page)*

At each financial reporting date, the Town reviews the carrying amount of the liability. The Town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, 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 until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

p) 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. A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Town is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2024.

At each financial reporting date, the Town reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

By their nature, these judgements are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the years in which they become known.

q) Developer's levies

Developer's levies, also known as offsite levies, are calculated using the rates established by law at the time of the agreement execution. Offsite levy revenue from external developers is recognized as revenue in the period the levies are collectible, and the funds are transferred to the appropriate restricted offsite reserve. The funds are drawn upon in accordance with legislated requirements as the Town constructs the related offsite infrastructure.

2. Change in accounting policy

Effective January 1, 2024, the Town adopted the recommendations relating to the following new accounting standards, as set out in the Canadian Public Sector Accounting Standards:

Revenue

Effective January 1, 2024, the Town adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of revenue under PS 3400 *Revenue*. The new standard establishes when to recognize and how to measure revenue, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

Under the new standard, revenue is differentiated between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions".

There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.



Town of Edson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2024

3. Cash and cash equivalents

	2024	2023
Cash	27,707,034	28,332,722
Temporary investments	7,500,000	10,204,279
	35,207,034	38,537,001

Cash consists of cash on hand and balances with banks and available for operations. Temporary investments are short-term deposits with maturity of less than one year as of year-end.

4. Investments

Investments and temporary investments are comprised of guaranteed investment certificates that have an average effective interest rate of 4.74% and mature at various dates ranging from February 2025 - September 2029.

5. Accounts receivable

	2024	2023 <i>(Restated)</i>
Trade and other receivables	1,233,821	9,278,615
Utilities receivable	1,385,763	1,039,568
Government receivables	3,963,542	2,046,806
Interest receivable	559,165	163,171
	7,142,291	12,528,160

6. Taxes receivable

	2024	2023 <i>(Restated)</i>
Current taxes	496,599	766,948
Arrears taxes	381,294	446,005
	877,893	1,212,953

7. Accounts payable and accrued liabilities

	2024	2023 <i>(Restated)</i>
Accounts payable and other payables	3,815,703	6,468,956
Employee vacation payable	265,167	233,330
Construction holdbacks	41,505	591,254
Accrued interest on long-term debt	28,279	42,827
	4,150,654	7,336,367

8. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year, as restated</i>	<i>Contributions received</i>	<i>Recognized as revenue</i>	<i>Balance, end of year</i>
Municipal Sustainability Initiative - Capital	6,205,956	2,054,500	466,292	7,794,164
Alberta Community Resilience Program	1,939,057	77,170	38,921	1,977,306
Canada Community Building Fund	478,969	1,073,145	1,064,180	487,934
Community Facility Enhancement Program	461,993	100,000	561,993	-
Prepaid local improvement charges	130,602	-	50,484	80,118
Other	93,409	502,815	423,619	172,605
	9,309,986	3,807,630	2,605,489	10,512,127

9. Asset retirement obligations

The Town owns various buildings and engineered structures which contain asbestos or are presumed to contain asbestos and, therefore, the Town is legally required to perform abatement activities upon renovation, demolition, or otherwise disturbing the related assets. The Town recognized a liability for asset retirement obligations of \$5,533,532 (2023 - \$5,422,393) and a corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of Town buildings. The asset retirement cost is amortized on a straight-line basis over the useful life of the related tangible capital assets.

The Town estimated the amount of the liability using a discounted cash flow method. The significant assumptions used to determine the best estimate of the liability included an estimate of the estimated useful life of the assets and an inflation rate of 2.1% and the Town's credit-adjusted risk free rate of 3.37%.

	2024	2023
Balance, beginning of year	5,422,393	-
Liabilities incurred	-	5,227,750
Accretion	111,139	194,643
Balance, end of year	5,533,532	5,422,393

The Town has a landfill site which requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance. A liability for the total obligation, which was incurred when the site started accepting waste, irrespective of volume of waste accepted has been accrued. The Town estimates that no obligation is incurred incrementally due to the volume of waste accepted, therefore, no further obligation is being accrued based on volume of waste accepted.

The Town estimated the amount of the liability using the discounted cash flow method. The significant assumptions used to determine the best estimate of the liability included an estimate of the estimated useful life of the assets and an inflation rate of 2.1% and the Town's credit-adjusted risk free rate of 3.37%.

	2024	2023
Balance, beginning of year	5,196,285	1,951,810
Liabilities incurred	-	3,120,567
Accretion	51,028	123,908
Change in estimate	86,557	-
Balance, end of year	5,333,870	5,196,285

Town of Edson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2024

10. Long-term debt

	2024	2023
Alberta Treasury and Risk Management debentures	8,363,985	9,114,067
Capital leases	785,611	682,815
	9,149,596	9,796,882

Debenture debt is repayable to the Alberta Treasury and Risk Management and bears interest at rates ranging from 3.058% to 4.890% per annum, and mature in periods through 2036. Long-term debt is issued on the credit and security of the Town at large.

Capital leases are repayable in blended monthly installments of \$21,581, bear interest at rates ranging from 4.988% to 8.190% and mature in periods through 2028.

Principal and interest payments are due as followed:

	Principal	Interest	Total
2025	987,655	323,125	1,310,780
2026	882,123	280,453	1,162,576
2027	888,002	242,343	1,130,345
2028	888,786	202,885	1,091,671
2029	690,470	173,608	864,078
Thereafter	4,812,560	555,389	5,367,949

Interest on long-term debt amounted to \$332,775 (2023 - \$362,071).

11. Debt limits

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

	2024	2023 <i>(Restated)</i>
Total debt limit	53,264,441	51,815,637
Total debt	9,149,596	9,796,882
Amount of debt limit unused	44,114,845	42,018,755
Service on debt limit	8,877,407	9,013,583
Service on debt	1,310,780	1,231,970
Amount of debt servicing limit unused	7,566,627	7,781,613

The debt limit is calculated as 1.5 times revenue of the Town (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation alone does not represent the financial stability of the Town. Rather, the consolidated financial statements must be interpreted as a whole.

Town of Edson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2024

12. Restricted surplus

Surplus restricted and unrestricted is as follows:

	2024	2023 <i>(Restated)</i>
Restricted Reserves		
Money in Place of Municipal Reserves	250,631	-
Offsites	(2,712,091)	(3,431,045)
	(2,461,460)	(3,431,045)
Unrestricted Reserves - Operating		
General administration	250,819	662,710
Legislative	592,904	25,000
Planning and development	1,107,444	209,669
Protective Services	609,829	285,095
Public health and welfare	266,237	60,000
Recreation and parks	973,875	678,933
Roads, streets and equipment	322,550	1,790,194
Culture	5,000	-
Tax stabilization fund	-	220,414
West Yellowhead Regional Waste Management Authority	889,676	524,208
	5,018,334	4,456,223
Unrestricted Reserves - Capital		
General administration	14,849,298	13,812,812
Planning and development	250,000	1,003,382
Protective services	976,698	171,941
Public health and welfare	29,926	7,946
Recreation and parks	14,596,819	11,607,105
Roads, streets and equipment	1,495,502	2,146,968
Utilities	2,764,917	3,359,780
West Yellowhead Regional Waste Management Authority	913,911	913,911
	35,877,071	33,023,845
	38,433,945	34,049,023

13. Equity in tangible capital assets

	2024	2023 <i>(Restated)</i>
Tangible capital assets (Schedule 2)	227,447,164	215,081,492
Accumulated amortization (Schedule 2)	(94,276,149)	(89,289,823)
Long-term debt (Note 10)	(9,149,596)	(9,796,882)
Asset retirement obligation (Note 9)	(10,867,402)	(10,618,658)
	113,154,017	105,376,129

14. Salaries and benefits disclosure

Disclosure of salaries and benefits for elected municipal officials, the Chief Administrative Officer (“CAO”) and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<i>Salary/ remuneration</i>	<i>Benefits & allowances</i>	2024	2023 <i>(Restated)</i>
Mayor Zahara	53,000	2,945	55,945	54,462
Cacka - Councillor	30,500	3,159	33,659	32,244
Taylor - Councillor	30,500	2,228	32,728	31,859
Pasychny - Councillor	30,500	2,207	32,707	31,859
Chouinard - Councillor	30,500	2,207	32,707	31,859
Moore - Councillor	30,500	734	31,234	31,859
Bevan - Councillor	30,500	600	31,100	30,300
Beveridge - CAO	211,450	33,430	244,880	254,249
Designated Officer	99,022	-	99,022	91,371

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

Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of Councillors and employees. For Councillors, this includes statutory payroll remittances, cellular allowances and child care allowances. For employees this includes pension, health care, dental coverage, group life insurance, employee assistance program and long-term disability.

Designated officer includes the contract for the Town assessment services.

15. Local Authorities Pension Plan

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

The Town 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 Town 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 - 10.65%) on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2024 were \$612,358 (2023 - \$554,795). Total current service contributions by the employees of the Town to the LAPP in 2024 were \$551,284 (2023 - \$491,582).

At December 31, 2023, the date of the most recent actuarial valuation, the LAPP disclosed an actuarial surplus of \$15,057,000,000 (2022 - \$12,671,000,000).

16. APEX supplementary pension plan

The APEX supplementary pension plan, an Alberta Urban Municipalities Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the *Alberta Employment Pension Plans Act*, commenced on January 1, 2003 and provides supplementary pension benefits to a prescribed class of employees. The plan supplements the Local Authorities Pension Plan. Contributions are made by the prescribed class of employees and the Town. Employees of the Town are required to make current service contributions to APEX of 2.42% (2023 - 2.42%) on pensionable earnings up to \$181,000 (2023 - \$175,000). The Town is required to make current service contributions to APEX of 2.96% (2023 - 2.96%) on pensionable earnings up to \$181,000 (2023 - \$175,000). Total current service contributions by the Town to APEX in 2024 were \$21,331 (2023 - \$13,946). Total current service contributions by the employees of the Town were \$17,439 (2023 - \$11,402).

17. Government partnership

The Town of Hinton, Yellowhead County, Town of Edson, Municipal District of Greenview No. 16 and the municipality of Jasper (the "members") jointly own and operate the West Yellowhead Regional Waste Management Authority to construct, maintain, control, and manage a regional solid waste disposal system.

The members have agreed to proportionately share costs associated with expenditures arising from the operations of the Authority. The proportions are based on each member's volume of municipal solid waste hauled and deposited to the system for disposal, relative to the total tonnage of solid waste hauled and deposited by all the members.

The following is 100% of the financial position and results of operations of the Authority partnership, of which 20% has been proportionately consolidated in the financial statements of the Town.

	2024	2023
Financial assets	9,278,904	7,340,790
Non-financial assets	9,238,214	7,156,647
Asset retirement obligation	(4,896,690)	(4,230,950)
Accounts payable and accrued liabilities	(260,965)	(150,191)
Accumulated surplus	13,359,463	10,116,296
	2024	2023
Total revenues	5,277,006	5,815,994
Total expenses	(2,033,839)	(1,791,269)
Annual surplus	3,243,167	4,024,725

18. Land held for resale

Land for resale includes land that the Town intends to sell in the future. Properties sold subsequent to year-end have been presented as financial assets. All other properties are presented as non-financial assets as they do not meet the criteria of a tangible capital asset or financial asset held for sale.

19. Contingencies

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

In the normal course of business there may be pending claims by and against the Town. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance with the exception of the issue noted below.

On May 7, 2025, a decision was released regarding the Designated Industrial Property (DIP) assessment appeal filed by Weyerhaeuser Company Ltd. The decision applied an 11% reduction in the assessed value of buildings, structures, and machinery and equipment for the 2022 taxation year, and a 14% reduction for the 2023 taxation year. These reductions have resulted in an estimated tax liability owing of \$224,034 for the 2022 and 2023 tax years.

Appeals for the 2024 and 2025 taxation years are currently under consideration. Based on the outcomes of the 2022 and 2023 appeals, a reasonable estimate of the potential liability for the 2024 and 2025 taxation years is \$132,375. This estimate reflects anticipated reductions in assessed values consistent with prior appeal outcomes.

No contingent liabilities have been recorded in the consolidated financial statements in relation to this matter, as the appeals for 2024 and 2025 remain unresolved and the outcomes are not reasonably determined at this time.

20. Commitments

The town has an agreement with the Edson Medical Centre Corporation for the rental of the medical facility at an annual rate of \$137,000. In response to a recent decline in the number of practicing physicians within the community, Town Council has approved a temporary reduction in rental revenue to \$0 annually for a period of five years, commencing in 2025.

This decision was made to support the retention of existing physicians and to foster an economic environment conducive to the recruitment of additional medical professionals to the Town of Edson. The Town remains committed to the long-term sustainability of healthcare services in the region and views this measure as a strategic investment in community well-being.

Funding and Grants:

As approved by council in various motions, the Town supports local non-profit organizations that provide services to the community by providing annual operating funding. Through various multi-year agreements, the Town is committed to providing funding to these organizations. The Organizations supported include, but are not limited to the following:

- Edson and District Historical Society
- Edson Seniors Transportation Society
- Edson Cultural Heritage Organization
- Edson and District Public Library
- Edson Food Bank Society
- Community Future West Yellowhead
- Citizens on Patrol
- Edson Cycling Association
- Edson Lions Club
- Rotary Club of Edson

Non-Residential Tax Incentive Program

Bylaw No. 2249 was enacted to encourage economic growth through municipal tax incentives for the development or redevelopment of non-residential properties. Although the bylaw has expired, approved projects under the program will continue to receive municipal tax reductions for five years following project completion, based on the change in the assessed value of the development.

These incentives apply only to the municipal portion of property taxes; provincial education and Designated Industrial Property taxes remain unaffected. The Town anticipates a gradual decline in municipal tax incentive from this program through to 2029. (Schedule 3)

The West Yellowhead Regional Waste Management

The authority has entered into an agreement expiring December 31, 2025 with A4 Consulting Services Ltd. The authority has also entered into an agreement with GFL Environmental Inc. that expires on October 9, 2027 for the day to day operations of the Authority. Annual payments are as follows:

2025 -	685,000
2026 -	607,000
2027 -	619,000

	1,911,000

21. Budget information

The disclosed budget information has been approved by the Council of the Town of Edson at the council meeting held on November 21, 2023. The original approved budget included reserve transfers as revenue and expenses. These have been excluded from the consolidated statement of operations and accumulated surplus to correspond with actual expenses.



Town of Edson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2024

22. Franchise and concession fees

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

	2024	2023
ATCO natural gas	625,930	556,947
Fortis Alberta Inc.	426,717	415,716
Yellowhead gas Co-op	8,964	11,683
	1,061,611	984,346

23. Segments

The Town provides a range of services to its ratepayers. For each reported segment, the revenue 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.

Refer to Schedule 5 - Schedule of Segmented Disclosure.

General government includes council, legislative services, finance services, human resources, information technology, communications and general administration. Protective services includes the municipal enforcement, police, fire and emergency management. Transportation services includes airport, roads, fleet, workshop, yard and lighting. Planning and economic development includes land use planning, zoning and subdivision land development and economic development. Social programs and services includes family and community support, medical facilities, community events and cemetery. Recreation, parks and culture includes parks and recreation, libraries, museums and halls. Environmental includes water supply and distribution, wastewater treatment and disposal, waste management, recycling and landfill.

24. Comparative figures

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

25. Financial Instruments

The Town as part of its operations carries a number of financial instruments. It is management's opinion that the Town is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

Risk management

The Town manages its credit risk by performing regular assessments of its ratepayers and provides allowances for potentially uncollectible accounts and property taxes receivable. The town does not have a significant exposure to any individual customer.

Liquidity risk

Liquidity risk is the risk that the Town will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Town enters into transactions to purchase goods and services on credit; borrow funds from financial institutions or other creditors; lease office equipment from various creditors, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Town's future net cash flows for the possibility of negative net cash flow.

Contractual maturities of long-term debt and capital leases are disclosed in Note 10.

The Town manages the liquidity risk resulting from its accounts payable and long-term debt and capital leases by investing in liquid assets.

26. Restatement for comparative amounts

The Town identified an error in the recognition of funding relating to the YCE Multiplex project, dating back to 2021. As a result, adjustments were made to correct the 2023 ending Municipal Sustainability Initiative (MSI) grant deferred revenue, the revenue recognized from MSI, Yellowhead County, the Investing in Canada Infrastructure Program (ICIP), and the related reserve transfers.

Net effect of adjustment is as follows:

- Increase in deferred revenue: \$27,863
- Increase in receivables: \$282,697
- Increase in reserves: \$254,835
- Increase in revenue: \$254,835

These corrections have been made to ensure comparability and accuracy of the financial statements.

26. Restatement for comparative amounts *(Continued from previous page)*

The Town identified an overstatement in the Disaster Recovery Program grant receivable related to fire and flood funding recorded in 2023. The receivable had been accrued at 100% of eligible costs, whereas the funding agreement stipulates that only 90% of eligible costs are reimbursable. As a result, a correction was made to reduce the year-end receivable and revenue by \$221,983.

Net effect of adjustment is as follows:

- Reduction in receivables: \$221,983
- Reduction in revenue: \$221,983

This adjustment ensures accurate presentation of the Town's financial position.

The Town identified an error in the accrual of the Investing in Canada Infrastructure Program (ICIP) grant receivable for 2023. Funding was incorrectly accrued before it was approved, where as reserves should have been recognized based on project expenses incurred of \$377,682. No receivable should have been recorded as of December 31, 2023 for \$704,109.

The net effective of the adjustment is as follows:

- Reduction in receivables: \$704,109
- Reduction in revenue \$704,109
- Reduction in reserves: \$377,682

This adjustment ensures accurate presentation of the Town's financial position.

The Town identified an error in the recognition of the library receiving a Community Facility Enhancement Program (CFEP) grant funding for 2023. The full grant amount was recognized, whereas only \$951,228 should have been recognized as being received from the library as a local government and board transfer. The remaining unspent funding of \$461,933 should have been deferred as of December 31, 2023.

The net effect of the adjustment is as follows:

- Decrease in revenue: \$461,993
- Increase in deferred revenue: \$461,993
- Increase in reserves: \$951,288

This correction ensure accurate recognition of source funding in accordance with project progress and funding terms.

The Town identified a contributed asset from 2005—a \$320,000 airplane hangar—that had not been recorded as a tangible capital asset, nor depreciated since its contribution. A correction was made to recognize the asset and apply accumulated depreciation from 2005 onward.

The net effect of adjustment is:

- Increase in tangible capital assets: \$198,400
- Increase in accumulated surplus \$204,800
- Increase in expenses: \$6,400

This adjustment ensures accurate reporting of the Town's asset base and financial position.

26. Restatement for comparative amounts *(Continued from previous page)*

The Town identified an error in the accounting treatment of the Lions Park Bridge demolition. Expenses incurred in 2022 and 2023 were incorrectly capitalized and subsequently disposed of at a zero net book value. A correction was made to properly expense the demolition costs.

The net effect of the adjustment is:

- Decrease in tangible capital assets: \$145,685
- Increase in expenses: \$145,685

This adjustment ensures the accurate reporting of capital assets and compliance with asset capitalization policies.

During the year, the Town identified an unrecorded accrual related to costs incurred for the 2023 wildfire evacuation center operated by the City of Edmonton. Total expenses of \$1,345,804 were not previously recorded, nor was the corresponding Disaster Recovery Program (DRP) grant funding, which covers 90% of eligible costs

The net effect of the adjustment is:

- Increase in accounts payable: \$1,345,804
- Increase in accounts receivable: \$1,211,223
- Increase in expense: \$1,345,804
- Increase in revenue: \$1,211,223

This adjustment ensures accurate recognition of emergency response costs and related funding.

During the year, the Town determined that land held for resale has been incorrectly classified as a financial asset on the statement of financial position. Based on the criteria outlined in the Public Sector Accounting handbook, the asset does not meet the definition of a financial asset and has been reclassified as a non-financial asset. Further, there was a \$25,344 balance included in inventory for consumption that was adjusted to be shown as land held for resale.

The net effect of the adjustment is:

- Reduction in financial assets: \$1,163,108
- Increase in non-financial assets: \$1,163,108

The adjustments ensure compliance with accounting standards and accurate presentation of asset classifications.

During the year it was noted that the remuneration schedule included in the notes of the prior year consolidated financial statements was understated due to missing benefit balances for councillors. Balances have been restated in current year to ensure the financial statements reflect accurate salary and remunerations and benefits and allowances paid.

26. Restatement for comparative amounts *(Continued from previous page)*
Summary of all Restatements for Comparative Amounts

	2023 Original	2023 Restated	Correction of Error
<u>Consolidated Statement of Financial Position</u>			
Financial Assets			
Accounts receivable	11,960,332	12,528,160	567,829
Land held for resale	1,163,108	-	(1,163,108)
Liabilities			
Accounts payable and accrued liabilities	5,990,562	7,336,365	1,345,803
Deferred revenue	8,820,130	9,309,986	489,856
Non-Financial Assets			
Land held for resale	-	1,188,452	1,188,452
Tangible capital assets	125,738,953	125,791,668	52,715
Inventory for consumption	949,101	923,757	(25,344)
<u>Consolidated Statement of Operations</u>			
Revenues	38,025,184	38,103,156	77,972
Expenses	32,518,765	34,016,654	1,497,889
Annual surplus	5,506,419	4,086,504	1,419,915
Accumulated surplus - Beginning of Year	138,142,713	138,347,513	204,800
Accumulated surplus - End of Year	143,649,132	142,434,017	(1,215,115)



Town of Edson
Notes to the Consolidated Financial Statements
For the year ended December 31, 2024

27. Approval of the Consolidated Financial Statements

Council and Management have approved these consolidated financial statements.