

Town of Claresholm 2024 Audit



Erin Gregory, CPA, CA

To Town Council

We are pleased to provide you with the results of our audit of the Town of Claresholm financial statements for the year ended December 31, 2024.

During the course of our audit, management made certain representations to us – in discussions and in writing. We documented these representations in the audit working papers.

Status of the Audit

We have substantially completed our audit for the year ended December 31, 2024, financial statements, pending completion of the following items:

- Approval of financial statements by Council, and,
- Receipt of signed documents provided in our finalized audit package

Our Six-Step Audit Process

1. Scoping
2. Identify and Assess Risks
3. Design the Audit Process
4. Obtain Audit Evidence
5. Form an Opinion
6. Report

Audit Findings

Financial Statement Areas	Risks Noted	Audit Findings
Revenue Recognition	There is a risk of inaccurate recording of revenue at year end. Property tax revenue is specifically higher risk as property tax balances are based on the approved budget in the bylaw. Grant revenue is also higher risk due to the significant dollar value as well as the grant conditions required to be satisfied.	Our procedures, including discussions with management, property tax bylaw analysis, analysis of grant revenue and deferred revenue confirmed no indication of fraud or material misstatement with regards to revenue recognition.
Tangible Capital Assets	Identified as high due to the significant account balance, as well as the fact that Council has a set capital budget and capital asset policies which the Town is required to adhere to.	The value of additions were reviewed through our review of projects and vouching invoices to the funds spent on the projects. We found no indication of fraud or material misstatement.

Form an Opinion and Report

INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Claresholm as at December 31, 2024, the results of its operations, change in its net financial assets (debt) and its cash flow 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 Municipality in accordance with the 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.

Statement of Financial Position

	2024	2023
FINANCIAL ASSETS		
Cash (Note 2)	\$ 2,064,308	\$ 3,717,139
Investments (Note 3)	4,806,536	4,165,636
Taxes and grants in place of taxes receivable (Note 4)	243,101	170,997
Trade and other receivables (Note 5)	1,093,623	1,176,273
Land inventory held for resale	<u>9,174</u>	<u>9,174</u>
	<u>8,216,742</u>	<u>9,239,219</u>
LIABILITIES		
Accounts payable and accrued liabilities	927,073	575,304
Employee benefit obligations (Note 6)	477,325	554,363
Deposits	28,115	19,040
Deferred revenue (Note 7)	1,340,443	2,602,572
Long term debt (Notes 8, 9)	4,733,009	5,016,118
Asset retirement obligation (Note 10)	<u>188,650</u>	<u>188,650</u>
	<u>7,694,615</u>	<u>8,956,047</u>
NET FINANCIAL ASSETS	<u>\$ 522,127</u>	<u>\$ 283,172</u>

Non-Financial Assets

	2024	2023
NET FINANCIAL ASSETS	\$ 522,127	\$ 283,172
NON-FINANCIAL ASSETS		
Prepaid expenses	61,333	170,008
Inventory for consumption	297,420	264,130
Tangible capital assets (Schedule 2)	<u>34,665,568</u>	<u>33,474,318</u>
	<u>35,024,321</u>	<u>33,908,456</u>
ACCUMULATED SURPLUS	\$ <u>35,546,448</u>	\$ <u>34,191,628</u>

Statement of Operations

	<i>Budget (Unaudited)</i>	2024	2023
REVENUE			
Net municipal taxes (Schedule 3)	\$ 3,881,379	\$ 3,875,637	\$ 3,739,547
User fees and sales of goods	3,473,182	3,577,957	3,582,158
Government transfers for operating (Schedule 4)	627,023	579,759	627,334
Franchise and concession contracts	355,335	353,253	291,760
Licenses and permits	119,700	136,388	112,549
Rental	151,786	136,774	143,252
Other	142,329	109,181	186,575
Investment income	270,000	348,221	328,960
Penalties and costs on taxes	68,600	82,140	98,552
Gain (loss) on disposal of capital assets	<u>65,000</u>	<u>(35,080)</u>	<u>242,426</u>
TOTAL REVENUE	\$ 9,154,334	\$ 9,164,230	\$ 9,353,113

Statement of Operations

	<i>Budget (Unaudited)</i>	2024	2023
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	\$ 3,359,245	\$ 3,351,208	\$ 3,372,762
Contracted and general services	1,974,402	1,795,652	1,734,966
Materials, goods, supplies and utilities	1,696,981	1,883,487	1,899,959
Bank charges and short-term interest	1,200	1,162	993
Interest on long-term debt	188,042	187,515	202,672
Other expenditures	33,000	34,914	33,274
Transfers to organizations and others	429,137	427,042	423,168
Amortization of tangible capital assets	<u>1,884,547</u>	<u>2,037,703</u>	<u>1,922,099</u>
TOTAL EXPENSES	<u>\$ 9,566,554</u>	<u>\$ 9,718,683</u>	<u>\$ 9,589,893</u>

Statement of Operations *(continued)*

	<i><u>Budget (Unaudited)</u></i>	2024	2023
SHORTFALL OF REVENUE OVER EXPENSES – BEFORE OTHER	<u>\$ (412,220)</u>	<u>\$ (554,453)</u>	<u>\$ (236,780)</u>
OTHER			
Government transfers for capital (Schedule 4)	<u>1,982,475</u>	<u>1,909,273</u>	<u>1,059,515</u>
EXCESS OF REVENUE OVER EXPENSES	1,570,255	1,354,820	822,735
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>34,191,628</u>	<u>34,191,628</u>	<u>33,368,893</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 35,761,883</u>	<u>\$ 35,546,448</u>	<u>\$ 34,191,628</u>

Municipal Indicators

Town of Claresholm

2023

AUDIT OUTCOME

No Concern

MINISTRY INTERVENTION

No

TAX BASE BALANCE

69.29%

TAX COLLECTION RATE

97.38%

POPULATION CHANGE

1.22%

CURRENT RATIO

1.26

ACCUMULATED
SURPLUS/DEFICIT

\$5,922,077

ON-TIME FINANCIAL
REPORTING (Date

Received)
April 11, 2024

DEBT TO REVENUE
PERCENTAGE

53.63%

DEBT SERVICE TO
REVENUE PERCENTAGE

5.04%

INVESTMENT IN INFRASTRUCTURE

1.44

INFRASTRUCTURE AGE

32.08%

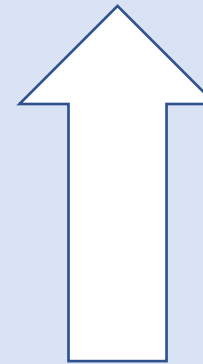
INTEREST IN MUNICIPAL OFFICE

3.00

Infrastructure Age

(The depreciated (amortized) value of tangible capital assets as a percentage of original cost. Triggered when the net book value of the tangible capital assets is less than 40% of the original cost)

- 2023 Infrastructure Age 32.08%
- 2024 Infrastructure Age 32.26%



0.18%

- Town 2023 Investment in Infrastructure = 1.44
- All AB Towns with population between 2,000 and 5,000 - 2023 Investment in Infrastructure median = 1.61

Net Asset Position

	<i>Budget (Unaudited)</i>	2024	2023
Increase (Decrease) in Net Assets (Debt)	\$ (718,401)	\$ 238,955	\$ 511,610
Net Financial Assets (Debt), Beginning of Year	<u>283,172</u>	<u>283,172</u>	<u>(228,438)</u>
Net Financial Assets (Debt), End of Year	<u>\$ (435,229)</u>	<u>\$ 522,127</u>	<u>\$ 283,172</u>
Median Net Financial Assets			\$ 2,072,949

Debt Limits

	2023	2023
Total debt limit	\$ 13,746,345	\$ 14,029,670
Total debt (<i>Note 8</i>)	<u>4,733,009</u>	<u>5,016,118</u>
Amount of surplus debt limit	<u>\$ 9,013,336</u>	<u>\$ 9,013,552</u>
Debt servicing limit	\$ 2,291,058	\$ 2,338,278
Debt servicing	<u>471,151</u>	<u>471,151</u>
Amount of surplus debt servicing limit	<u>\$ 1,819,907</u>	<u>\$ 1,867,127</u>

GHHA

GREGGORY

HARRIMAN

& ASSOCIATES LLP

CHARTERED PROFESSIONAL ACCOUNTANTS