



Consolidated Financial Statements

**Town of Coaldale, Alberta, Canada
For the Year Ended December 31, 2023**

Town of Coaldale
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For the Year Ended December 31, 2023

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Management's Responsibility for Financial Reporting

Management of the Town of Coaldale is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Town's financial position as at December 31, 2023 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgements. Such amounts have been determined on a reasonable basis in order to ensure the consolidated financial statements are presented fairly in all material respects.

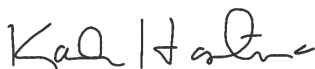
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable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

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Town Council carries out its responsibilities for review of the financial statements. Town Council meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to Town Council with and without the presence of management. The Town Council has approved the financial statements.

The consolidated financial statements have been audited by Avail CPA LLP; independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's financial statements.



Kalen Hastings, M.A.
Chief Administrative Officer

April 22, 2024
Coaldale, Canada



Kyle Beauchamp, CPA, CA
Chief Financial Officer & Deputy CAO

April 22, 2024
Coaldale, Canada



INDEPENDENT AUDITORS' REPORT

To: The Mayor and Members of Council of
the Town of Coaldale

Opinion

We have audited the consolidated financial statements of the Town of Coaldale which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the 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 Coaldale as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

Emphasis of Matter

We draw attention to note 2 to the financial statements which describes the amendments made to the prior year's figures as a result of adopting the new accounting standard PS 3280 Asset Retirement Obligations. Our audit opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the 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 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:

INDEPENDENT AUDITORS' REPORT, continued

- 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 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 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 company 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.

Lethbridge, Alberta

April 22, 2024



Chartered Professional Accountants

Town of Coaldale
Consolidated Statement of Financial Position
For the Year Ended December 31, 2023

	2023	2022 Restated Note 2
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 3,474,506	\$ 10,000,222
Receivables		
Taxes and grants in place of taxes (Note 4)	560,121	639,530
Trade and other receivables (Note 4)	2,674,200	2,605,938
Land held for resale	1,908,335	-
Loan receivable (Note 5)	628,919	-
Investments (Note 6)	12,290,923	16,257,862
	21,537,004	29,503,552
Financial Liabilities		
Accounts payable and accrued liabilities	4,156,190	4,340,444
Deposit liabilities	212,992	204,612
Deferred revenue (Note 8)	2,124,746	2,835,099
Employee benefit obligation (Note 9)	262,284	256,664
Asset retirement obligation (Note 10)	7,724,622	7,724,622
Long-term debt (Note 12 and 13)	17,663,452	17,673,436
	32,144,286	33,034,877
Net Financial Debt	(10,607,282)	(3,531,325)
Non-Financial Assets		
Tangible capital assets (Schedule 2)	152,888,350	140,768,342
Other assets (Note 14)	1,041,166	3,110,217
Inventory for consumption	251,355	251,355
	154,180,871	144,129,914
Accumulated Surplus (Schedule 1, Note 16)	\$ 143,573,589	\$ 140,598,589

Commitments & Contingencies (Note 21, 22)

Town of Coaldale
Consolidated Statement of Operations
For the Year Ended December 31, 2023

	Budget (Note 25) (Unaudited)	2023	2022 Restated Note 2
Revenues			
Net municipal property taxes (Note 17)	\$ 9,905,625	\$ 9,935,587	\$ 9,492,271
User fees and sale of goods and services	6,990,650	7,232,462	6,197,718
Government transfers for operating (Note 18)	670,047	955,676	695,912
Land development	630,000	293,815	964,042
Franchise fees	1,124,000	1,262,908	985,321
Investment income	300,000	350,335	398,914
Fines and penalties	627,500	743,490	708,298
Licences, permits and fees	202,500	226,995	322,196
Other	12,600	1,019,918	718,154
	20,462,922	22,021,186	20,482,826
Expenses			
General government			
General administration	1,558,507	1,547,888	1,791,875
Council and other legislative	437,575	422,765	303,810
Protective Services			
Police	2,170,510	2,140,683	1,971,030
Fire	1,618,149	1,626,471	1,371,155
Bylaw enforcement and emergency management	612,602	582,312	588,673
Transportation services			
Roads, streets, walks and lighting	3,541,705	3,652,254	3,370,010
Planning, development and engineering			
Engineering	1,017,026	1,030,232	641,513
Planning, development and communications	1,052,954	878,475	739,901
Recreation and culture			
Parks and recreation	2,287,520	2,294,836	2,189,232
Community services, libraries and facilities	1,795,394	1,755,261	1,548,148
Family and community support	121,500	69,528	114,365
Environmental services			
Wastewater treatment and disposal	1,793,629	1,941,478	1,548,534
Water supply and distribution	1,886,156	1,930,988	1,646,268
Storm and drainage	943,412	906,086	634,835
Waste management	860,556	844,948	793,642
	21,697,195	21,624,205	19,252,991
Annual Surplus Before Capital Revenues	(1,234,273)	396,981	1,229,835

**Town of Coaldale
Consolidated Statement of Operations
For the Year Ended December 31, 2023**

	Budget (Note 25) (Unaudited)	2023	2022 Restated Note 2
Capital Revenues			
Contributed tangible capital assets (Schedule 2)	50,706	92,989	124,500
Government transfers related to capital (Note 18)	2,427,663	2,485,030	7,097,442
	2,478,369	2,578,019	7,221,942
Annual Surplus	1,244,096	2,975,000	8,451,777
Accumulated Surplus, Beginning of Year	141,649,076	141,649,076	133,026,260
Accumulated Surplus, Beginning of Year - Adjustment	(1,050,487)	(1,050,487)	(879,448)
Accumulated Surplus, Beginning of Year - Restated	140,598,589	140,598,589	132,146,812
Accumulated Surplus, End of Year	\$ 141,842,685	\$ 143,573,589	\$ 140,598,589

Town of Coaldale
Consolidated Statement of Remeasurement Gains and Losses
For the Year Ended December 31, 2023

	2023	2022
Accumulated Remeasurement Gains (Losses), Beginning of Year	\$ -	\$ -
Unrealized gains (losses) attributed to:		
Equity investments	-	-
Amounts reclassified to statement of operations		
Equity investments realized gains	-	-
Net remeasurement gains (losses) for the year	-	-
Accumulated Remeasurement Gains (Losses), End of Year	\$ -	\$ -

Town of Coaldale
Consolidated Statement of Changes in Net Financial Assets (Net Debt)
For the Year Ended December 31, 2023

	Budget (Note 25) (Unaudited)	2023	2022 Restated Note 2
Annual Surplus	\$ 1,244,096	\$ 2,975,000	\$ 8,451,777
Net acquisition of tangible capital assets	(15,120,821)	(16,604,221)	(15,470,901)
Tangible capital assets received as contributions	(50,706)	(92,989)	(124,500)
Proceeds on sale of tangible capital assets	-	1,225,696	105,866
Amortization of tangible capital assets	4,013,738	4,013,738	3,525,758
Loss (gain) on disposal of tangible capital assets	-	(662,232)	(5,378)
	(11,157,789)	(12,120,008)	(11,969,155)
Acquisition of supplies inventory	-	(251,355)	(251,355)
Use of supplies inventory	-	251,355	251,355
Acquisition of other assets	-	(22,500)	(75,128)
Use of other assets	-	2,091,551	386,715
	-	2,069,051	311,587
(Increase) / Decrease in Net Debt	(9,913,693)	(7,075,957)	(3,205,791)
Net Financial Assets (Debt), Beginning of Year	(3,531,325)	(3,531,325)	(325,534)
Net Financial Assets (Debt), End of Year	\$ (13,445,018)	\$ (10,607,282)	\$ (3,531,325)

**Town of Coaldale
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2023**

	2023	2022 Restated Note 2
Net Inflow (Outflow) of Cash Related to the Following Activities:		
Operating		
Annual surplus	\$ 2,975,000	\$ 8,451,777
Deduct items not affecting cash:		
Amortization of tangible capital assets	4,013,738	3,525,758
Net loss on disposal of tangible capital assets	(662,232)	(5,378)
Contributed assets	(92,989)	(124,500)
Change in non-cash items:		
Receivables	11,147	(285,349)
Loan receivable	(628,919)	-
Land for resale	(1,908,335)	6,196
Other assets	2,069,051	311,587
Accounts payable and accrued liabilities	(184,254)	(2,083,740)
Asset retirement obligation settled	-	-
Deposit liabilities	8,380	(258,570)
Deferred revenue	(710,353)	(2,008,033)
Employee benefit obligation	5,620	29,004
Cash provided by operating transactions	4,895,854	7,558,752
Capital		
Acquisition of tangible capital assets	(16,604,221)	(15,470,901)
Proceeds on sale of tangible capital assets	1,225,696	105,866
Cash applied to capital transactions	(15,378,525)	(15,365,035)
Investing		
Proceeds on disposal of investments	3,693,549	5,102,896
Purchase of investments	-	(241,001)
Decrease (increase) in investments	273,390	346,221
Cash provided by investing transactions	3,966,939	5,208,116
Financing		
Proceeds from long-term debt issued	1,051,000	4,000,000
Long-term debt repaid	(1,060,984)	(1,171,042)
Cash provided by (applied to) financing transactions	(9,984)	2,828,958
Change in Cash and Equivalents During the Year	(6,525,716)	230,791
Change in Cash and Equivalents, Beginning of Year	10,000,222	9,769,431
Change in Cash and Equivalents, End of Year	3,474,506	10,000,222

Town of Coaldale
Schedule 1 - Changes in Accumulated Surplus
For the Year Ended December 31, 2023

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022 Restated Note 2
Annual Surplus - Restated	\$ 2,975,000	\$ -	\$ -	\$ 2,975,000	\$ 8,451,777
Unrestricted funds designated for future use	(3,318,413)	3,318,413	-	-	-
Restricted funds for operations	910,197	(910,197)	-	-	-
Restricted funds for tangible capital assets	-	(12,703,160)	12,703,160	-	-
Current year funds used for tangible capital assets	(3,901,060)	-	3,901,060	-	-
Contributed tangible capital assets	(92,989)	-	92,989	-	-
Disposal of tangible capital assets	(662,232)	1,225,694	(563,462)	-	-
Amortization expense	4,013,738	-	(4,013,738)	-	-
Long term debt issued	1,051,000	-	(1,051,000)	-	-
Long term debt repaid (capital)	(976,875)	-	976,875	-	-
	(2,976,634)	(9,069,250)	12,045,884	-	-
Change in Accumulated Surplus	(1,634)	(9,069,250)	12,045,884	2,975,000	8,451,777
Balance, Beginning of Year	1,512,067	22,517,817	116,568,705	140,598,589	132,146,812
Balance, End of Year	\$ 1,510,433	\$ 13,448,567	\$ 128,614,589	\$ 143,573,589	\$ 140,598,589

Town of Coaldale
Schedule 2 - Tangible Capital Assets
For the Year Ended December 31, 2023

	Previously Reported 2022	Adjustments	2022 Restated Note 2	Additions	Contributed	Disposals	2023
Cost							
Land	\$ 16,442,284	\$ -	\$ 16,442,284	\$ 1,862,635	\$ -	\$ (523,209)	\$ 17,781,710
Land improvements	5,545,464	-	5,545,464	112,126	-	(40,812)	5,616,778
Engineered structures	133,081,072	6,621,265	139,702,337	1,579,874	-	(273,158)	141,009,053
Buildings	22,787,565	1,103,357	23,890,922	982,141	-	(413,173)	24,459,890
Machinery and equipment	4,347,380	-	4,347,380	583,980	42,283	(51,518)	4,922,125
Vehicles	4,635,683	-	4,635,683	115,300	-	(105,515)	4,645,468
Work in progress							
Land improvements	11,106	-	11,106	1,172,785	44,000	-	1,227,891
Engineered structures	152,539	-	152,539	66,459	6,706	-	225,704
Buildings	6,624,352	-	6,624,352	10,128,921	-	-	16,753,273
	193,627,445	7,724,622	201,352,067	16,604,221	92,989	(1,407,385)	216,641,892
Accumulated Amortization							
Land improvements	1,798,899	-	1,798,899	235,948	-	(27,419)	2,007,428
Engineered structures	45,872,180	210,034	46,082,214	2,786,967	-	(261,107)	48,608,074
Buildings	7,345,885	840,453	8,186,338	559,891	-	(402,430)	8,343,799
Machinery and equipment	2,296,162	-	2,296,162	240,806	-	(51,517)	2,485,451
Vehicles	2,220,112	-	2,220,112	190,126	-	(101,448)	2,308,790
	59,533,238	1,050,487	60,583,725	4,013,738	-	(843,921)	63,753,542
Net Book Value	\$ 134,094,207		\$ 140,768,342				\$ 152,888,350

Town of Coaldale
Schedule 3 - Segmented Disclosure
For the Year Ended December 31, 2023

	General Government	Protective Services	Transportation Services	Planning, Development & Engineering	Recreation & Culture	Environmental Services	Total	Budget (Unaudited)
Revenue								
Net taxes available for municipal purposes (Note 17)	\$ 9,548,347	\$ -	\$ -	\$ -	\$ 387,240	\$ -	\$ 9,935,587	\$ 9,905,625
User fees and sale of goods and services	68,470	919,092	3,335	236	577,316	5,664,013	7,232,462	6,990,650
Government transfers relating to operating (Note 18)	160,116	387,806	-	-	104,134	303,620	955,676	670,047
Land development	-	-	-	293,815	-	-	293,815	630,000
Franchise fees	1,262,908	-	-	-	-	-	1,262,908	1,124,000
Investment income	350,335	-	-	-	-	-	350,335	300,000
Other	959,937	627,996	33,734	126,547	229,282	12,907	1,990,403	842,600
	12,350,113	1,934,894	37,069	420,598	1,297,972	5,980,540	22,021,186	20,462,922
Expenses								
Salaries and wages	933,413	1,364,541	921,881	908,678	1,811,974	920,840	6,861,327	6,921,745
Contracted and general services	712,515	2,497,947	517,003	882,824	521,791	1,091,169	6,223,249	6,132,607
Materials, goods and utilities	296,939	189,121	778,001	20,837	648,753	1,463,754	3,397,405	3,263,581
Transfers to local boards	-	-	-	-	279,754	228,303	508,057	612,303
Interest and bank charges	6,094	52,721	6,551	96,368	248,123	148,533	558,390	565,721
Amortization of tangible capital assets	19,562	222,336	1,403,374	-	598,487	1,769,979	4,013,738	4,013,738
Other expenses	2,130	22,800	25,444	-	10,743	922	62,039	187,500
	1,970,653	4,349,466	3,652,254	1,908,707	4,119,625	5,623,500	21,624,205	21,697,195
Capital Revenue								
Contributed assets	-	-	-	-	86,283	6,706	92,989	50,706
Government transfers relating to capital (Note 18)	-	-	76,970	-	2,369,801	38,259	2,485,030	2,427,663
	-	-	76,970	-	2,456,084	44,965	2,578,019	2,478,369
Annual Surplus (Deficit)	\$ 10,379,460	\$ (2,414,572)	\$ (3,538,215)	\$ (1,488,109)	\$ (365,569)	\$ 402,005	\$ 2,975,000	\$ 1,244,096

Town of Coaldale
Schedule 3 - Segmented Disclosure
For the Year Ended December 31, 2022 - Restated Note 2

	General Government	Protective Services	Transportation Services	Planning, Development & Engineering	Recreation & Culture	Environmental Services	Total	Budget (Unaudited)
Revenue								
Net taxes available for municipal purposes (Note 17)	\$ 9,106,591	\$ -	\$ -	\$ -	\$ 385,680	\$ -	\$ 9,492,271	\$ 9,506,666
User fees and sale of goods and services	84,177	482,822	2,046	-	556,280	5,072,393	6,197,718	6,081,564
Government transfers relating to operating (Note 18)	145,058	411,686	-	(1,046)	89,761	50,453	695,912	519,000
Land development	233,450	-	-	730,592	-	-	964,042	1,050,000
Franchise fees	985,321	-	-	-	-	-	985,321	953,000
Investment income	398,914	-	-	-	-	-	398,914	200,000
Other	254,383	557,931	104,955	219,924	600,560	10,895	1,748,648	815,500
	11,207,894	1,452,439	107,001	949,470	1,632,281	5,133,741	20,482,826	19,125,730
Expenses								
Salaries and wages	1,014,487	1,177,467	846,645	764,060	1,652,684	639,998	6,095,341	6,427,594
Contracted and general services	639,009	2,277,962	399,772	529,418	628,142	1,227,154	5,701,457	5,616,345
Materials, goods and utilities	412,424	176,085	719,237	15,246	605,871	1,061,807	2,990,670	2,963,971
Transfers to local boards	-	-	-	-	278,246	-	278,246	309,270
Interest and bank charges	4,602	54,049	14,130	72,690	256,168	124,819	526,458	461,799
Amortization of tangible capital assets	20,150	213,895	1,388,573	-	430,634	1,472,507	3,525,759	3,354,719
Other expenses	5,013	31,400	1,653	-	-	96,994	135,060	235,000
	2,095,685	3,930,858	3,370,010	1,381,414	3,851,745	4,623,279	19,252,991	19,368,698
Capital Revenues								
Contributed assets	-	64,500	-	60,000	-	-	124,500	34,500
Government transfers relating to capital (Note 18)	2,722,009	-	-	105,299	3,571,191	698,943	7,097,442	6,992,144
	2,722,009	64,500	-	165,299	3,571,191	698,943	7,221,942	7,026,644
Annual Surplus (Deficit)	\$ 11,834,218	\$ (2,413,919)	\$ (3,263,009)	\$ (266,645)	\$ 1,351,727	\$ 1,209,405	\$ 8,451,777	\$ 6,783,676

Town of Coaldale

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

The Town of Coaldale (the Town) is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c.M-26, as amended (MGA).

1. Significant Accounting Policies

The consolidated financial statements of the Town (hereafter referred to as the "financial statements") are representations of management and are prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board and as published by the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

A. Reporting Entity

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

Included with the municipality are the following:

- Coaldale Public Library

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the reporting entity. The statements exclude trust assets that are administered for the benefit or external parties. Interdepartmental and organization transactions and balances are eliminated.

B. Basis of Accounting

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

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed or goods have yet to be provided.

Revenue is recognized in the period when the related expenses are incurred, services performed, goods provided, or the tangible capital asset is acquired.

C. 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, liabilities, disclosure of contingent assets and liabilities at the date of the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Where measurement uncertainty exist, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from these estimates.

There is measurement uncertainty related to asset retirement obligations as it involves estimates in determining settlement amounts, discount rates and timing of settlement. Changes to any of these estimates and assumptions may result in change to the obligation.

Town of Coaldale

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

D. Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and short-term investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition, or are redeemable and held for the purpose of meeting short-term cash commitments rather than for investing.

E. Loans Receivable

Loans receivable are initially recognized at cost, net of any transaction costs, with interest income recognized using the effective interest method. Loans receivable are subsequently measured at amortized cost net of any valuation allowances.

F. Investments

Investments 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.

G. Deferred Revenues

Deferred revenues represents government transfers, donations, and other amounts which have been collected, but for which the related service has yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when the revenue recognition criteria have been met.

H. Asset Retirement

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. As the factors to calculate the present value method cannot be determined, the cost escalation method was used.

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

At each financial reporting date, the Town reviews the carrying amount of the liability. The Town recognizes period-to-period changes to the liability due to inflation as an addition to the asset and liability. 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.

I. Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

J. Long-Term Debt

Long-term debt is initially recognized net of any premiums, discounts, fees and transaction costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

Town of Coaldale
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2023

K. Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the Town has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when the goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

L. Tax Revenue

Annually, the Town bills and collects property tax revenues for municipal purposes. Tax revenues are based on market value assessments determined in accordance with the MGA and annually established tax rates. Municipal tax rates are set each year by Town Council in accordance with legislation and Town Council approved policies to raise the tax revenue required to meet the Town's budget requirements. Tax revenues are recorded at the time tax billings are issued. Property assessments are subject to tax appeal. Tax revenues are recognized net of an allowance for anticipated uncollectable amounts. Requisitions operate as a flow through and are excluded from the municipal revenue.

M. Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligible criteria have been met, and reasonable estimates of the amounts can be determined.

N. 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, provides the consolidated change in net financial assets for the year.

i. 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 - 45 years
Buildings	25 - 50 years
Machinery and equipment	5 - 40 years
Vehicles	10 - 40 years
Engineered structures	5 - 75 years

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that a tangible capital asset no longer contributes to the Town's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value.

ii. Contributed Tangible Capital Assets

Tangible capital assets received as contributions are recorded a fair value at the date of receipt and are recorded as revenue.

Town of Coaldale
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2023

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all 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 payment are charged to expenses as incurred.

iv. Inventory of Materials and Supplies

Inventory of materials and supplies are valued at the lower of average cost and net realizable value.

v. Culture, Historical and Works of Art

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

O. Future Accounting Standard Pronouncements

The following summarizes the upcoming changes to Canadian public sector accounting standards. In 2024, the Town will continue to assess the impact and prepare for the adoption of these standards. While the timing of the standard adoption may vary, certain standards must be adopted concurrently.

i. Revenue

PS3400, Revenue establishes standards on how to account for an report on revenue, specifically in regard to revenue arising from transactions with performance obligations (Exchange transactions) and those without performance obligations (non-exchange transactions). This standard is applicable for fiscal years beginning on or after April 1, 2023.

ii. Purchased Intangibles

PSG-8, Purchased Intangibles, allows for purchased intangible assets to be recognized as assets in public sector entity's financial statements. This standard is applicable for fiscal years beginning on or after April 1, 2023.

iii. Public Private Partnerships

PS3160, Public Private Partnerships, establishes standards on how to account for certain arrangements between public and private entities. The standard provides guidance on situations where a public entity acquires infrastructure assets using a private sector partner that designs, builds, or finances the infrastructure asset past the point where it is ready for use. This standard is applicable for fiscal years beginning on or after April 1, 2023.

Town of Coaldale
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2023

2. Change in Accounting Policy

Effective January 1, 2023, the Town adopted the new accounting standard PS 3280 Asset Retirement Obligations and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

On the effective date of the PS 3280 standard, the Town recognized the following to conform to the new standard;

- asset retirement obligations, adjusted for accumulated inflation to the effective date;
- asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital asset in productive use
- accumulated amortization on the capitalized cost; and
- adjusted to the opening balance of the accumulated surplus / deficit.

Amounts are measured using information, assumptions and inflation where applicable that are current on the effective date of the standard. The amount recognized as an asset retirement cost is measured as of the date the asset retirement obligation was incurred. Accumulated amortization are measured for the period from the date of the liability would have been recognized had the provisions of this standard been in effect to the date as of which this standard is first applied.

Impact on the prior year's financial statements as a result of the change in accounting policy is as follows:

	As previously reported	2022 Adjustment recognized	As restated
Consolidated Statement of Operations			
Revenues	27,704,768	-	27,704,768
Expenses	19,081,952	171,039	19,252,991
Annual Surplus	8,622,816	(171,039)	8,451,777
Accumulated Surplus, Beginning of Year	133,026,260	(879,448)	132,146,812
Accumulated Surplus, End of Year	141,649,076	(1,050,487)	140,598,589
Consolidated Statement of Financial Position			
Financial Liabilities - Asset retirement obligations	-	7,724,622	7,724,622
Net Financial Assets (Net Debt)	4,193,297	(7,724,622)	(3,531,325)
Non-Financial Assets - Tangible capital assets	134,094,207	6,674,135	140,768,342
Net Assets	137,455,779	6,674,135	144,129,914
Consolidated Statement of Changes in Net Financial Assets (Net Debt)			
Annual Surplus	8,622,816	(171,039)	8,451,777
Amortization of tangible capital assets	3,354,719	171,039	3,525,758
Net financial assets (net debt) at beginning of year	7,399,088	(7,724,622)	(325,534)
Net financial assets (net debt) at end of year	4,193,297	(7,724,622)	(3,531,325)

Town of Coaldale
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2023

3. Cash and Cash Equivalents

	2023		2022	
Cash	\$	3,474,506	\$	10,000,222
Cash equivalents		-		-
	\$	3,474,506	\$	10,000,222

Cash on deposit earns interest at the bank's prime rate less 1.50% (2022 - bank's prime rate less 1.50%). Cash equivalents are short-term deposits with original maturities of three months or less.

4. Receivables

	2023		2022	
Trade accounts receivable	\$	1,536,527	\$	1,359,161
Government accounts receivable				
Grants		902,457		804,242
GST		317,308		511,636
Other		42,102		38,835
		1,261,867		1,354,713
Property taxes				
Current taxes and grants in place of taxes		417,932		457,325
Arrears taxes and interest and penalties		142,189		182,205
		560,121		639,530
Allowance for doubtful accounts		(124,194)		(107,936)
	\$	3,234,321	\$	3,245,468

5. Loan Receivable

Loan receivable of \$628,919 (2022 - \$0), effective interest rate of 5%, repayable in monthly principal and interest payments of \$4,238, secured, due 2043.

6. Investments

	2023		2022	
	Carrying Value	Market Value	Carrying Value	Market Value
Guaranteed bonds - amortized cost	\$ 12,290,923	\$ 11,650,648	\$ 16,257,862	\$ 15,081,418
Short-term notes and deposits - amortized cost	-	-	-	-
	\$ 12,290,923	\$ 11,650,648	\$ 16,257,862	\$ 15,081,418

Investments mature at various dates between August 2024 and August 2026, with an average effective annual yield of 4.48% (2022 - 4.69%).

Town of Coaldale
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2023

7. Trust Assets Held Under Administration

The Town acts as a trustee for a number of third parties, holding assets comprised of cash and temporary investments, and administering them on their behalf. Amounts held in trust at year-end are as follows:

	2023	2022
Friends of the Arena:		
Local community groups	\$ 59,647	\$ 72,110
Town of Coaldale portion	29,811	35,872
	\$ 89,458	\$ 107,982

8. Deferred Revenue

Deferred revenue is comprised of the funds noted below, the use of which is externally restricted. These funds are recognized as revenue in the period they are used for the purpose specified.

Interest earned on contributions is included in contributions received. Certain deferred revenues relate to government transfers as further described in Note 18.

	2023	2022
Government contributions (1)	\$ 1,531,624	\$ 2,274,353
Prepaid taxes & utilities	143,241	138,958
Other deferred revenue	449,881	421,788
	\$ 2,124,746	\$ 2,835,099

(1) Government contributions in deferred revenue consist of the following:

	2022	Received / Receivable	Revenue Recognized	2023
Operating:				
Alberta Community Partnership	\$ -	\$ 34,601	\$ 34,601	\$ -
Climate Resilience Capacity Building Program	69,547	199,472	269,019	-
Fire Services Training Program	-	12,593	-	12,593
Library Grants - Various	-	104,134	104,134	-
Municipal Internship Program	30,000	-	30,000	-
Municipal Policing Assistance	-	369,528	369,528	-
Municipal Sustainability Initiative	-	130,116	130,116	-
Youth Training Program	-	18,278	18,278	-
Capital:				
ACRP Grant - Malloy 2B Storm Project	1,065,252	23,903	12,295	1,076,860
Active Transportation Fund	-	(4,524)	(4,524)	-
Alberta Municipal Water/Wastewater Partnership	-	202,991	46,043	156,948
Canada Community Building Fund	1,109,554	568,048	1,392,379	285,223
Canada Community Revitalization Fund	-	175,211	175,211	-
FCM - Energy Efficiency	-	15,848	15,848	-
ICIP Grant - Malloy 2B Storm Project	-	(20,079)	(20,079)	-
Municipal Sustainability Initiative	-	867,856	867,856	-
	\$ 2,274,353	\$ 2,697,976	\$ 3,440,705	\$ 1,531,624

Town of Coaldale
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2023

9. Employee Benefit Obligations

	2023	2022
Accrued wages	\$ 161,689	\$ 179,931
Accrued vacation & overtime (1)	100,595	76,733
	\$ 262,284	\$ 256,664

(1) Vacation and overtime: This liability is comprised of the vacation and overtime the employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary

10. Asset Retirement Obligation

Asset retirement obligations are initially measures as of the date the legal obligation was incurred, based on estimates of the amount required to retire the tangible capital asset and subsequently re-measured considering any new information and the appropriateness of assumptions used.

The asset retirement obligation estimate is measured at the current cost to settle. Due to uncertainty about when the hazardous materials would be removed, the present value technique is not used and the cost escalation method was used.

	2023	2022 Restated
Balance, beginning of year	\$ 7,724,622	\$ 7,724,622
Liabilities incurred	-	-
Liabilities settled	-	-
Change in estimated cash flows	-	-
Inflation expense	-	-
Estimated total liability	\$ 7,724,622	\$ 7,724,622

Asbestos abatement

The Town owns multiple buildings which contain asbestos and, therefore the Town is legally required to perform abatement activities upon renovation or demolition of these buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed.

Engineered structures

The Town owns and operates a sewage lagoon wastewater treatment facility where there is a legal obligation for decommissioning and land reclamation upon the permanent retirement of the assets from service. Retirement costs include decommissioning of the infrastructure, reclamation of land surface, revegetation, and work around water considerations according to the method the retirement obligation is likely to be fulfilled.

	2023	2022 Restated
Engineered structures	\$ 6,535,500	\$ 6,535,500
Asbestos abatement	1,189,122	1,189,122
Estimated total liability	\$ 7,724,622	\$ 7,724,622

11. Liability for Contaminated Sites

The Town did not identify any financial liabilities in 2023 (2022 - nil) as a result of contaminated sites.

Town of Coaldale
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2023

12. Long-Term Debt

	2023	2022
Tax supported debentures	\$ 16,070,958	\$ 15,900,746
Utility supported debentures	478,181	574,269
Long-term debt related to capital expenditures	16,549,139	16,475,015
Operating bank loan	1,114,313	1,198,421
	\$ 17,663,452	\$ 17,673,436

Principal and interest payments on long-term debt for the next five years and thereafter are as follows:

	Principal	Interest	Total
2024	\$ 1,057,448	\$ 568,182	\$ 1,625,630
2025	1,066,873	532,707	1,599,580
2026	1,088,445	493,954	1,582,399
2027	1,098,057	454,554	1,552,611
2028	2,062,433	414,496	2,476,929
Thereafter	11,290,196	2,552,308	13,842,504
	\$ 17,663,452	\$ 5,016,201	\$ 22,679,653

Debenture debt is repayable to Alberta Treasury Board and Finance, bearing interest at rates ranging from 2.69% to 6.25% and matures in annual amounts in periods 2024 through 2049. The average annual interest rate is 2.85% (2022 - 3.20%).

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

The bank loan is repayable in monthly principal installments of \$7,009 plus interest at the bank prime rate less 0.60%, due March 2024. The bank loans are secured by land held for resale.

Interest on the long-term debt amounted to \$549,113 (2022 - \$519,945).

The Town's total cash payments for interest in 2023 was \$554,453 (2022 - \$495,599).

13. Debt Limits and Debt Servicing Limit

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

	2023	2022
Total debt limit per Regulation	\$ 33,031,779	\$ 30,724,239
Total debt	17,663,452	17,673,436
Percentage used (%)	53.47	57.52
Total debt service limit per Regulation	\$ 5,505,297	\$ 5,120,707
Total debt service	1,625,630	1,603,470
Percentage used (%)	29.53	31.31

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

Town of Coaldale
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2023

14. Other Assets

	2023	2022
Other assets held for resale:		
Buildings	\$ 1,018,666	\$ 1,018,666
Land	-	2,016,423
Prepaid expenses - operational	22,500	37,644
Deposits on equipment	-	37,484
	\$ 1,041,166	\$ 3,110,217

15. Equity in Tangible Capital Assets

	2023	2022
Tangible capital assets (Schedule 2)	\$ 216,641,892	\$ 201,352,067
Accumulated amortization (Schedule 2)	(63,753,542)	(60,583,725)
Long-term debt (Note 12)	(16,549,139)	(16,475,015)
Asset retirement obligation (Note 10)	(7,724,622)	(7,724,622)
	\$ 128,614,589	\$ 116,568,705

16. Accumulated Surplus

Accumulated surplus consists of unrestricted, restricted amounts and equity in tangible capital assets.

	2023	2022
Unrestricted surplus	\$ 1,510,433	\$ 1,512,067
Restricted surplus:		
Tax rate stabilization	891,647	980,277
Reserves for future operating expenditures	872,416	1,076,726
Offsite levies collected for future capital expenditures	1,095,505	1,691,673
Internal loan - NW Land Development	(1,821,574)	(1,803,486)
Reserves for future capital expenditures		
Utilities	4,493,686	3,918,119
Facilities	1,917,076	1,539,859
Fleet and general equipment	1,313,006	1,238,887
Construction and general capital expenditures	4,686,805	13,875,762
Equity in tangible capital assets (Note 15)	128,614,589	116,568,705
	\$ 143,573,589	\$ 140,598,589

Town of Coaldale
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2023

17. Net Municipal Property Taxes

	Budget	2023	2022
Municipal Taxes:			
Real property taxes	\$ 12,538,942	\$ 12,601,502	\$ 12,106,667
Special tax recreation levy	387,500	387,240	385,680
Linear property taxes	150,000	137,929	141,186
Revenue in lieu of taxes	80,000	79,023	83,960
	13,156,442	13,205,694	12,717,493
Less Requisitions:			
Alberta School Foundation Fund	2,735,538	2,753,909	2,706,953
Holy Spirit Roman Catholic Separate Regional District	342,760	343,685	350,426
Green Acres Foundation	172,519	172,513	167,843
	3,250,817	3,270,107	3,225,222
Net Municipal Property Taxes	\$ 9,905,625	\$ 9,935,587	\$ 9,492,271

18. Government Transfers

	Budget	2023	2022
Operating transfers:			
Provincial	\$ 517,000	\$ 781,870	\$ 591,545
Federal	7,500	8,118	55,910
Other local governments	145,547	165,688	48,457
	670,047	955,676	695,912
Capital transfers:			
Provincial	880,151	926,194	6,957,163
Federal	1,547,512	1,542,988	140,279
Other local governments	-	15,848	-
	2,427,663	2,485,030	7,097,442
Total government transfers	\$ 3,097,710	\$ 3,440,706	\$ 7,793,354

19. 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 Public Sector Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

	2023	2022
Current service contributions by Employer	\$ 391,321	\$ 366,526
Current service contributions by Employee	348,585	327,124
	\$ 739,906	\$ 693,650

The Town is required to make current service contributions to the Plan of 8.45% of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 12.23% thereafter. Employees of the Town are required to make current service contributions of 7.45% of pensionable salary up to YMPE and 11.23% thereafter. Contributions for current service are recorded as expenses in the year in which they become due.

The LAPP reported a surplus for the overall plan as at December 31, 2022 of \$12.67 billion. Information as at December 31, 2023 was not available at the time of preparing these financial statements.

Town of Coaldale
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2023

20. Salary and Benefit Disclosures

Disclosure of salaries and benefits for municipal officers, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salaries (1)	Benefits (2)	2023	2022
Mayor:				
Van Rijn	\$ 50,176	\$ 4,732	\$ 54,908	\$ 39,263
Councillors:				
Abrey	27,960	6,894	34,854	27,178
Beekman	27,760	1,443	29,203	22,756
Chapman	27,960	6,894	34,854	27,788
Pickering	28,360	6,918	35,278	27,666
Reis	27,760	3,399	31,159	24,946
Sailer	27,760	6,882	34,642	27,178
	217,736	37,162	254,898	196,775
Chief Administrative Officer	205,502	38,822	244,324	241,217
Designated Officers (2023 - 3, 2022 - 2)	189,874	47,336	237,210	319,535
	\$ 613,112	\$ 123,320	\$ 736,432	\$ 757,527

(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, long-term disability and health care spending.

21. Commitments

The Town entered into a Municipal Police Service Agreement with the Government of Canada for the Royal Canadian Mounted Police to provide policing services until March 31, 2032. The agreement may be terminated on March 31 in any year by either party giving 24 months notice prior to the date of the intended termination. As part of the agreement, the Town will pay 100% of the cost of providing the service. The total annual cost for 2024 under the terms of the agreement are estimated to be \$2,048,189.

The Town entered into an agreement with Benchmark Assessment Consultants Inc. for the supply of assessment services of all lands and premises within the Town's boundaries for taxation purposes until June 30, 2027. The total annual cost for 2024 under the terms of the agreement are estimated to be \$115,000.

The Town contracts with Nerds on Site to provide information technology services for the Town of Coaldale. The agreement is set to expire December 2025. Estimated costs for 2024 under the terms of the agreement are \$120,000.

The Town contracts with GFL Environmental Inc. to provide solid waste, composting and recycling collection services until 2024, with the option of a 3 year renewal until 2027. Total estimated contracting costs for 2024 are \$448,500.

The Town contracts with the Lethbridge Regional Water Services Commission to supply water to the Town until January 30, 2030. The related agreement may be terminated at any time provided 12 months notice is given. The total annual cost for 2024 under the terms of the agreement are estimated to be \$882,000.

Town of Coaldale
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2023

22. Contingencies

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

23. Segment Disclosures

The Town of Coaldale provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 3).

General government includes council and other legislative and general administration. Protective services includes police, fire, bylaw enforcement and emergency management. Transportation includes roads, streets, walks and lighting. Planning, development and engineering includes land use planning, zoning, subdivision, land development, engineering and communications. Recreation and culture includes parks and recreation, libraries, facilities, community services and family support services. Environmental use and protection includes water supply and distribution, wastewater treatment and disposal, storm water and waste management.

24. Financial Instruments

The Town's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest of currency risk arising from these financial instruments. Taxes receivable are compulsory in nature, rather than contractual, however, the Town manages risk exposure on these items similar to other receivables and payables.

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

25. Budget

Budgeted information was prepared under the modified accrual method. This note provides a reconciliation between the approved budget figures disclosed in the financial statements. The budget surplus was adopted by Council on December 12,

Annual surplus (deficit)	\$	1,244,096
Add:		
Transfers from reserves to operations		1,292,793
Amortization expense		4,013,738
Capital expenses budgeted as operational		(290,031)
Less:		
Principal debt repayments		(950,727)
Capital revenue		(2,478,369)
Transfer from operations to reserves		(2,831,500)
Approved budget surplus	\$	<u> -</u>

Town of Coaldale
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2023

26. Subsequent Events

Subsequent to the fiscal year end, the Town reached an agreement with the Government of Alberta in which the Town would receive funding to support equalization of the Town's policing expense. The funding relates to policing costs incurred in 2023. Under the agreement, the funding amounted to \$550,000 and was received by the Town subsequent to year-end. There was uncertainty about the receipt of these funds as of December 31, 2023, thus the amount was not recorded as a receivable as of December 31, 2023.

27. Approval of Financial Statements

Council and Management have approved these financial statement.