



FINANCIAL STATEMENTS

**Town of Coaldale, Alberta, Canada
For the Year Ended December 31, 2022**

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For the Year Ended December 31, 2022

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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 financial statements and all other information contained within this Financial Report. Management believes that the financial statements present fairly the Town's financial position as at December 31, 2022 and the results of its operations for the year then ended.

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

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

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information 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 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 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 24, 2023
Coaldale, Canada



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

April 24, 2023
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, 2022, and the consolidated statements of financial activities, 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, 2022, 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.

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 Town 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.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, we confirm that the Town is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in note 9B.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 17.

Lethbridge, Alberta

April 24, 2023



Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 10,000,222	\$ 9,769,431
Receivables		
Taxes and grants in place of taxes (Note 3)	639,530	666,645
Trade and other receivables (Note 3)	2,605,938	2,293,474
Land held for resale	-	6,196
Investments (Note 4)	16,257,862	21,465,978
	29,503,552	34,201,724
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	4,340,444	6,424,184
Deposit liabilities	204,612	463,182
Deferred revenue (Note 6)	2,835,099	4,843,132
Employee benefit obligations (Note 7)	256,664	227,660
Long-term debt (Note 9)	17,673,436	14,844,478
	25,310,255	26,802,636
NET FINANCIAL ASSETS	4,193,297	7,399,088
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	134,094,207	121,954,013
Other assets (Note 10)	3,110,217	3,421,804
Inventory for consumption	251,355	251,355
	137,455,779	125,627,172
ACCUMULATED SURPLUS (Schedule 1, Note 12)	\$ 141,649,076	\$ 133,026,260

Commitments & Contingencies (Note 18, 19)

Approved on behalf of Town Council:

Jack Van Rijn

Mayor - Jack Van Rijn

KO Hastings

Chief Administrative Officer - Kalen Hastings

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2022

	Budget (Note 16) (Unaudited)	2022	2021
REVENUES			
Net taxes available for municipal purposes (Note 13)	\$ 9,506,666	\$ 9,492,271	\$ 9,223,279
User fees and sale of goods and services	6,081,564	6,197,718	5,887,188
Government transfers relating to operating (Note 14)	519,000	695,912	588,628
Land development	1,050,000	964,042	3,415,609
Franchise fees	953,000	985,321	776,270
Investment income	200,000	398,914	299,671
Fines and penalties	629,000	708,298	573,196
Licences, permits and fees	178,000	322,196	278,292
Other	8,500	718,154	611,549
	19,125,730	20,482,826	21,653,682
EXPENSES			
Legislative	300,781	303,810	318,275
Administration	1,921,754	1,791,875	1,788,070
Policing, regulatory and emergency management	2,474,189	2,559,703	2,590,719
Fire	1,340,337	1,371,155	1,123,553
Roads, streets, walks and lighting	3,539,221	3,370,010	4,155,512
Storm and drainage	681,370	634,835	619,138
Water supply and distribution	1,753,988	1,644,683	1,709,583
Waste management	830,819	793,642	802,276
Wastewater treatment and disposal	1,346,219	1,402,980	1,155,287
Family and community support	114,000	114,365	150,755
Land use planning, zoning, development and communications	1,504,961	1,381,414	1,484,920
Parks, recreation and culture	3,561,059	3,713,480	3,142,282
	19,368,698	19,081,952	19,040,370
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	(242,968)	1,400,874	2,613,312
OTHER			
Contributed tangible capital assets (Schedule 2)	34,500	124,500	146,936
Government transfers related to capital (Note 14)	6,992,144	7,097,442	8,510,113
	7,026,644	7,221,942	8,657,049
ANNUAL SURPLUS	6,783,676	8,622,816	11,270,361
ACCUMULATED SURPLUS, BEGINNING OF YEAR	133,026,260	133,026,260	121,755,899
ACCUMULATED SURPLUS, END OF YEAR	\$ 139,809,936	\$ 141,649,076	\$ 133,026,260

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022	2021
NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS:		
OPERATING ACTIVITIES		
Annual surplus	\$ 8,622,816	\$ 11,270,361
Deduct items not affecting cash:		
Amortization of tangible capital assets	3,354,719	3,246,151
Net loss on disposal of tangible capital assets	(5,378)	250,312
Contributed assets	(124,500)	(146,936)
Change in non-cash items:		
Receivables	(285,349)	(874,354)
Land for resale	6,196	33,476
Inventory for consumption	-	-
Other assets	311,587	16,299
Accounts payable and accrued liabilities	(2,083,740)	3,539,757
Deposit liabilities	(258,570)	353,570
Deferred revenue	(2,008,033)	(2,850,746)
Employee benefit obligation	29,004	10,703
	7,558,752	14,848,593
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(15,470,901)	(16,991,728)
Proceeds on sale of tangible capital assets	105,866	1,749,483
	(15,365,035)	(15,242,245)
FINANCING ACTIVITIES		
Proceeds from long-term debt issued	4,000,000	1,345,610
Long-term debt repaid	(1,171,042)	(956,694)
	2,828,958	388,916
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,977,325)	(4,736)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	31,235,409	31,240,145
CASH AND CASH EQUIVALENTS, END OF YEAR	26,258,084	31,235,409
Cash and cash equivalents (Note 2)	10,000,222	9,769,431
Investments (Note 4)	16,257,862	21,465,978
	\$ 26,258,084	\$ 31,235,409

STATEMENT OF NET FINANCIAL ASSETS

For the Year Ended December 31, 2022

	Budget (Note 16) (Unaudited)	2022	2021
ANNUAL SURPLUS	\$ 6,783,676	\$ 8,622,816	\$ 11,270,361
Net acquisition of tangible capital assets	(15,389,498)	(15,470,901)	(16,991,728)
Tangible capital assets received as contributions	(34,500)	(124,500)	(146,936)
Proceeds on sale of tangible capital assets	-	105,866	1,749,483
Amortization of tangible capital assets	3,354,719	3,354,719	3,246,151
Loss (gain) on disposal of tangible capital assets	-	(5,378)	250,312
	(12,069,279)	(12,140,194)	(11,892,718)
Acquisition of supplies inventory	-	(251,355)	(251,355)
Use of supplies inventory	-	251,355	251,355
Acquisition of other assets	-	(75,128)	(232,595)
Use of other assets	-	386,715	248,894
	-	311,587	16,299
INCREASE / (DECREASE) IN NET FINANCIAL ASSETS	(5,285,603)	(3,205,791)	(606,058)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	7,399,088	7,399,088	8,005,146
NET FINANCIAL ASSETS, END OF YEAR	\$ 2,113,485	\$ 4,193,297	\$ 7,399,088

SCHEDULE OF ACCUMULATED SURPLUS

For the Year Ended December 31, 2022

Schedule 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
ANNUAL SURPLUS	\$ 8,622,816	\$ -	\$ -	\$ 8,622,816	\$ 11,270,361
Unrestricted funds designated for future use	(3,973,469)	3,973,469	-	-	-
Restricted funds for operations	744,305	(744,305)	-	-	-
Restricted funds for tangible capital assets	-	(4,203,067)	4,203,067	-	-
Current year funds used for tangible capital assets	(11,267,833)	-	11,267,833	-	-
Contributed tangible capital assets	(124,500)	-	124,500	-	-
Disposal of tangible capital assets	(5,378)	105,866	(100,488)	-	-
Amortization expense	3,354,719	-	(3,354,719)	-	-
Long term debt issued	4,000,000	-	(4,000,000)	-	-
Long term debt repaid (capital)	(1,086,935)	-	1,086,935	-	-
	(8,359,091)	(868,037)	9,227,128	-	-
CHANGE IN ACCUMULATED SURPLUS	263,725	(868,037)	9,227,128	8,622,816	11,270,361
BALANCE, BEGINNING OF YEAR	1,248,342	23,385,854	108,392,064	133,026,260	121,755,899
BALANCE, END OF YEAR	\$ 1,512,067	\$ 22,517,817	\$ 117,619,192	\$ 141,649,076	\$ 133,026,260

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2022

Schedule 2

	2021	Additions	Contributed	Disposals	2022
COST					
Land	\$ 16,442,284	\$ -	\$ -	\$ -	\$ 16,442,284
Land improvements	5,201,610	283,854	60,000	-	5,545,464
Engineered structures	118,701,250	14,877,979	-	(498,157)	133,081,072
Buildings	15,829,702	6,957,863	-	-	22,787,565
Machinery and equipment	4,246,297	101,083	-	-	4,347,380
Vehicles	4,607,714	263,133	64,500	(299,664)	4,635,683
Work in progress					
Land improvements	-	11,106	-	-	11,106
Engineered structures	10,885,849	70,678	-	(10,803,988)	152,539
Buildings	2,915,159	5,640,845	-	(1,931,652)	6,624,352
	178,829,865	28,206,541	124,500	(13,533,461)	193,627,445
ACCUMULATED AMORTIZATION					
Land improvements	1,568,801	230,098	-	-	1,798,899
Engineered structures	43,943,091	2,328,606	-	(399,517)	45,872,180
Buildings	6,961,146	384,739	-	-	7,345,885
Machinery and equipment	2,065,407	230,755	-	-	2,296,162
Vehicles	2,337,407	180,521	-	(297,816)	2,220,112
	56,875,852	3,354,719	-	(697,333)	59,533,238
NET BOOK VALUE	\$ 121,954,013				\$ 134,094,207

SCHEDULE OF SEGMENTED DISCLOSURES

For the Year Ended December 31, 2022

Schedule 3

	General Government	Protective Services	Transportation Services	Planning, Development & Engineering	Recreation & Culture	Environmental Services	Total	Budget (Unaudited)
REVENUE								
Net taxes available for municipal purposes (Note 13)	\$ 9,106,591	\$ -	\$ -	\$ -	\$ 385,680	\$ -	\$ 9,492,271	\$ 9,506,666
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 14)	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	685,237	2,277,962	399,772	529,418	581,917	1,227,153	5,701,459	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	68,137	-	-	-	210,108	-	278,245	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	-	406,732	1,325,369	3,354,719	3,354,719
Other expenses	5,013	31,400	1,653	-	-	96,994	135,060	235,000
	2,210,050	3,930,858	3,370,010	1,381,414	3,713,480	4,476,140	19,081,952	19,368,698
OTHER								
Contributed assets	-	64,500	-	60,000	-	-	124,500	34,500
Government transfers relating to capital (Note 14)	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)	\$ 11,719,853	\$ (2,413,919)	\$ (3,263,009)	\$ (266,645)	\$ 1,489,992	\$ 1,356,544	\$ 8,622,816	\$ 6,783,676

SCHEDULE OF SEGMENTED DISCLOSURES

For the year ended December 31, 2021

Schedule 3

	General Government	Protective Services	Transportation Services	Planning, Development & Engineering	Recreation & Culture	Environmental Services	Total	Budget (Unaudited)
REVENUE								
Net taxes available for municipal purposes (Note 13)	\$ 8,839,639	\$ -	\$ -	\$ -	\$ 383,640	\$ -	\$ 9,223,279	\$ 9,212,390
Sale of goods and services	78,510	511,712	31,148	-	410,017	4,855,801	5,887,188	5,610,303
Government transfers relating to operating (Note 14)	43,848	369,528	23,323	62,936	88,993	-	588,628	742,585
Land development	-	-	-	3,415,609	-	-	3,415,609	1,201,000
Franchise fees	776,270	-	-	-	-	-	776,270	710,000
Investment income	199,671	-	-	-	100,000	-	299,671	275,000
Other	250,345	481,683	12,367	193,517	515,589	9,536	1,463,037	850,960
	10,188,283	1,362,923	66,838	3,672,062	1,498,239	4,865,337	21,653,682	18,602,238
EXPENSES								
Salaries and wages	1,017,642	976,223	848,241	916,133	1,484,803	538,861	5,781,903	6,100,053
Contracted and general services	813,277	2,265,056	875,182	380,385	404,003	1,325,870	6,063,773	6,016,466
Materials, goods and utilities	260,489	182,281	732,850	25,324	469,640	1,053,766	2,724,350	3,097,425
Transfers to local boards	108,139	-	-	-	159,594	-	267,733	270,000
Interest and bank charges	25,499	55,341	23,799	58,367	264,749	44,123	471,878	448,080
Amortization of tangible capital assets	22,668	212,969	1,402,015	-	346,686	1,261,813	3,246,151	3,246,151
Other expenses	9,386	22,402	273,425	104,711	12,807	61,851	484,582	385,260
	2,257,100	3,714,272	4,155,512	1,484,920	3,142,282	4,286,284	19,040,370	19,563,435
OTHER								
Contributed assets	110,000	36,936	-	-	-	-	146,936	19,750
Government transfers relating to capital (Note 14)	407,991	-	1,037,186	131,772	1,784,864	5,148,300	8,510,113	9,942,385
	517,991	36,936	1,037,186	131,772	1,784,864	5,148,300	8,657,049	9,962,135
ANNUAL SURPLUS (DEFICIT)	\$ 8,449,174	\$ (2,314,413)	\$ (3,051,488)	\$ 2,318,914	\$ 140,821	\$ 5,727,353	\$ 11,270,361	\$ 9,000,938

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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 financial statements of the Town are prepared by management in accordance with Canadian public sector accounting standards (PSAS). Significant aspects of the accounting policies adopted by the Town are as follows:

A. Reporting Entity

The financial statements reflect the revenues, expenses, assets, liabilities and accumulated surplus of the reporting entity. The reporting entity is comprised of the Town operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to Town Council for the administration of their financial affairs and resources.

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 of external parties. Interdepartmental and organizational transactions and balances have been eliminated.

B. Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are accounted for in the period in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized as they are incurred and measurable based upon receipt of the goods and services and/or the legal obligation to pay.

C. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions. These estimates 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 revenues and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in the future. Items requiring the use of significant estimates include the useful life of tangible capital assets, rates for amortization and estimated employee benefits. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates.

D. 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.

E. Government Transfers

Government transfers are the transfer of monetary assets or tangible capital assets from other orders of government that are not the result of an exchange transaction and for which there is no expectation of repayment or direct financial return to the transferor in the future. The Town receives government transfers from the Federal and Provincial governments to fund operating and capital expenditures. These transfers to the Town are recognized as revenues when the transfers are authorized and all the eligibility criteria, if any, have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the recipient. Prior to that time, any amounts received, along with restricted interest thereon are recorded as deferred revenue.

Authorized transfers from the Town to other organizations or individuals are recorded as an expense when the transfer has been authorized and the eligibility criteria, if any, have been met by the recipient. The majority of transfers made by the Town are in the form of grants.

F. Land for Resale

Land for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

G. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

H. 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.

I. Non-Financial Assets

Non-financial assets are not available to discharge 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.

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 following estimated useful lives of the assets.

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 acquired as contributions are recorded at their fair value on the date received and corresponding revenues are recorded as contributed tangible capital assets on the Statement of Operations and Accumulated Surplus.

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all benefits and risks to the Town incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments, net of tenant inducements, are charged to expenses on a straight-line basis over the lease term.

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.

J. Liability for Contaminated Sites

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.

K. Equity in Tangible Capital Assets

Equity in tangible capital assets is included within accumulated surplus. It represents the investment in tangible capital assets, after deducting the portion financed by long-term debt.

L. Reserves for Future Expenditures

Certain amounts, as approved by Town Council, are designated within accumulated surplus as reserves for future operating and capital expenditures.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

2. CASH AND CASH EQUIVALENTS

	2022	2021
Cash	\$ 10,000,222	\$ 9,769,431
Cash equivalents	-	-
	\$ 10,000,222	\$ 9,769,431

Cash on deposit earns interest at the bank's prime rate less 1.50% (2021 - bank's prime rate less 1.50%). Cash equivalents are short-term deposits with original maturities of three months or less.

3. RECEIVABLES

	2022	2021
Trade accounts receivable	\$ 1,359,161	\$ 1,278,298
Receivable from other governments	1,354,713	1,129,592
Property taxes		
Current taxes and grants in place of taxes	457,325	479,415
Arrears taxes and interest and penalties	182,205	187,230
	3,353,404	3,074,535
Allowance for doubtful accounts	(107,936)	(114,416)
	\$ 3,245,468	\$ 2,960,119

4. INVESTMENTS

	2022		2021	
	Carrying Value	Market Value	Carrying Value	Market Value
Guaranteed bonds - amortized cost	\$ 16,257,862	\$ 15,081,418	\$ 19,316,985	\$ 19,069,050
Short-term notes and deposits - amortized cost	-	-	2,148,993	2,160,873
	\$ 16,257,862	\$ 15,081,418	\$ 21,465,978	\$ 21,229,923

Investments mature at various dates between July, 2024 and August, 2027, with an average effective annual yield of 4.69% (2021 - 1.62%).

5. TRUST ASSETS 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:

	2022	2021
Friends of the Arena:		
Local community groups	\$ 72,110	\$ 57,214
Town of Coaldale portion	35,872	28,432
	\$ 107,982	\$ 85,646

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

6. 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 14.

	2022	2021
Government contributions (1)	\$ 2,274,353	\$ 4,263,951
Prepaid taxes & utilities	138,958	135,473
Other deferred revenue	421,788	443,708
	\$ 2,835,099	\$ 4,843,132

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

	2021	Grants Received, Receivable & Net Interest	Government Transfer Revenue	2022
Operating:				
Alberta Community Partnership	\$ -	\$ 42,158	\$ 42,158	\$ -
Climate Resilience Capacity Building Program	-	120,000	50,453	69,547
Federation of Canadian Municipalities	-	50,000	50,000	-
Municipal Internship Program	-	60,000	30,000	30,000
Municipal Policing Assistance	-	369,528	369,528	-
Municipal Sustainability Initiative	-	65,058	65,058	-
Capital:				
ACRP Grant - Malloy 2B Storm Project	1,039,288	25,964	-	1,065,252
Active Transportation Fund	-	105,298	105,298	-
Alberta Municipal Water/Wastewater Partnership	-	663,963	663,963	-
Canada Community Building Fund	-	1,109,554	-	1,109,554
ICIP Grant - Malloy 2B Storm Project	-	34,981	34,981	-
Municipal Sustainability Initiative	3,224,663	3,068,537	6,293,200	-
	\$ 4,263,951	\$ 5,715,041	\$ 7,704,639	\$ 2,274,353

7. EMPLOYEE BENEFIT OBLIGATIONS

	2022	2021
Accrued wages	\$ 179,931	\$ 161,020
Accrued vacation & overtime (1)	76,733	66,640
	\$ 256,664	\$ 227,660

(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 year.

8. LIABILITY FOR CONTAMINATED SITES

The Town did not identify any financial liabilities in 2022 (2021 - nil) as a result of contaminated sites.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

9. LONG-TERM DEBT

A. Debt Payable

Debt payable includes the following amounts:

	2022	2021
Tax supported debentures	\$ 15,900,746	\$ 12,897,167
Utility supported debentures	574,269	664,782
Operating bank loan	1,198,421	1,282,529
	\$ 17,673,436	\$ 14,844,478

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

	Principal	Interest	Total
2023	\$ 1,057,774	\$ 545,696	\$ 1,603,470
2024	1,057,463	515,340	1,572,803
2025	1,066,879	477,203	1,544,082
2026	1,088,468	439,080	1,527,548
2027	1,098,978	400,312	1,499,290
Thereafter	12,303,874	2,888,201	15,192,075
	\$ 17,673,436	\$ 5,265,832	\$ 22,939,268

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 2023 through 2049. The average annual interest rate is 3.20% (2021 - 2.94%).

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 2023. The bank loans are secured by land held for resale.

Interest on the long-term debt amounted to \$519,945 (2021 - \$444,482).

The Town's total cash payments for interest in 2022 was \$495,599 (2021 - \$440,449).

B. Debt and Debt Service Limits

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:

	2022	2021
Total debt limit per Regulation	\$ 30,724,239	\$ 32,480,523
Total debt	17,673,436	14,844,478
Percentage used (%)	57.52	45.70
Total debt service limit per Regulation	\$ 5,120,707	\$ 5,413,421
Total debt service	1,603,470	1,414,914
Percentage used (%)	31.31	26.14

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

10. OTHER ASSETS

	2022	2021
Other assets held for resale:		
Land	\$ 2,016,423	\$ 2,277,423
Buildings	1,018,666	1,018,666
Prepaid expenses - operational	37,644	125,715
Deposits on equipment	37,484	-
	\$ 3,110,217	\$ 3,421,804

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2022	2021
Tangible capital assets (Schedule 2)	\$ 193,627,445	\$ 178,829,865
Accumulated amortization (Schedule 2)	(59,533,238)	(56,875,852)
Long-term debt (Note 9)	(16,475,015)	(13,561,949)
	\$ 117,619,192	\$ 108,392,064

12. ACCUMULATED SURPLUS

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

	2022	2021
General government operations	\$ 1,512,067	\$ 1,248,342
Restricted surplus:		
Tax rate stabilization	980,277	1,146,387
Reserves for future operating expenditures	1,064,305	910,406
Reserves for future capital expenditures	22,216,721	23,222,547
Internal loan	(1,743,486)	(1,893,486)
Equity in tangible capital assets (Note 11)	117,619,192	108,392,064
	\$ 141,649,076	\$ 133,026,260

13. NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	Budget (Unaudited)	2022	2021
Taxes:			
Real property taxes	\$ 12,112,517	\$ 12,106,667	\$ 11,637,159
Special tax recreation levy	387,000	385,680	383,640
Linear property taxes	141,186	141,186	128,493
Revenue in lieu of taxes	83,960	83,960	81,157
	12,724,663	12,717,493	12,230,449
Less taxes on behalf of:			
Alberta School Foundation Fund	2,699,671	2,706,953	2,533,140
Holy Spirit Roman Catholic Separate Regional District	350,426	350,426	318,368
Green Acres Foundation	167,900	167,843	155,662
	3,217,997	3,225,222	3,007,170
Net taxes available for municipal purposes	\$ 9,506,666	\$ 9,492,271	\$ 9,223,279

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

14. GOVERNMENT TRANSFERS

	Budget (Unaudited)	2022	2021
Operating transfers:			
Provincial	\$ 476,500	\$ 591,545	\$ 537,404
Federal	6,500	55,910	6,280
Other local governments	36,000	48,457	44,944
	519,000	695,912	588,628
Capital transfers:			
Provincial	6,957,163	6,957,163	7,210,942
Federal	34,981	140,279	1,249,171
Other local governments	-	-	50,000
	6,992,144	7,097,442	8,510,113
Total government transfers	\$ 7,511,144	\$ 7,793,354	\$ 9,098,741

15. LOCAL AUTHORITIES PENSION PLAN

All employees of the Town are members of the Local Authorities Pension Plan (LAPP), which is one of the multi-employer plans covered by the Public Sector Pension Plans Act of Alberta.

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 12.80% thereafter. Employees of the Town are required to make current service contributions of 7.45% of pensionable salary up to YMPE and 11.80% thereafter. Contributions for current service are recorded as expenses in the year in which they become due.

Total current service contributions by the Town to the LAPP in 2022 were \$366,526 (2021 - \$404,425) and by the employees to the LAPP in 2022 were \$327,124 (2021 - \$365,042).

The LAPP reported a surplus for the overall plan as at December 31, 2021 of \$11.9 billion. Information as at December 31, 2022 was not available at the time of preparing these financial statements.

16. 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 20, 2021.

Annual surplus (deficit)	\$ 6,783,676
Add:	
Transfers from reserves to operations	1,145,706
Amortization expense	3,354,719
Capital expenses budgeted as operational	(120,084)
Less:	
Principal debt repayments	(1,085,706)
Capital revenue	(7,026,644)
Transfer from operations to reserves	(3,051,667)
Approved budget surplus	<u>\$ -</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

17. SALARY AND BENEFIT DISCLOSURES

The following executive salaries and benefits are disclosed as required under the Supplementary Accounting Principles and Standards Regulation (AR 313/2000) of the MGA.

	Salaries	Benefits	2022	2021
Mayor:				
Van Rijn	\$ 35,863	\$ 3,400	\$ 39,263	\$ 8,012
Craig	-	-	-	32,573
	35,863	3,400	39,263	40,585
Councillors:				
Abrey	21,818	5,360	27,178	25,049
Beekman	21,718	1,038	22,756	4,453
Chapman	22,418	5,370	27,788	26,649
Pickering	22,318	5,348	27,666	5,121
Reis	22,318	2,628	24,946	5,022
Sailer	21,818	5,360	27,178	5,121
Hohm	-	-	-	20,906
Lloyd	-	-	-	19,995
Pauls	-	-	-	17,942
Simpson	-	-	-	20,788
	132,408	25,104	157,512	151,046
Chief Administrative Officer	197,913	43,304	241,217	236,558
	\$ 366,184	\$ 71,808	\$ 437,992	\$ 428,189

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration. Benefits include the Town's share of all benefits and contributions made on behalf of executives, including retirement contributions, Canada Pension Plan, Employment Insurance, dental coverage, medical coverage, group life insurance, short-term disability insurance and transportation allowances.

18. 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 2023 under the terms of the agreement are estimated to be \$1,921,493.

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 2023 under the terms of the agreement are estimated to be \$113,000.

The Town contracts with Nerds on Site to provide information technology services for the Town of Coaldale. The agreement is set to expire December 2023 and contains an option for a two year renewal. Estimated costs for 2023 under the terms of the agreement are \$90,000.

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 2023 are \$421,000.

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 2023 under the terms of the agreement are estimated to be \$800,000.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

19. 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.

20. SEGMENT DISCLOSURES

The Schedule of Segment Disclosures - Schedule 3 has been prepared in accordance with PS2700 *Segment Disclosures*. Segment disclosures are intended to enable users to better understand the government reporting entity as well as the major expense and revenue activities of the Town. For each reported segment, revenues and expenses represent amounts directly or reasonably attributable to the segment. The segments have been selected based on a presentation similar to that adopted for the municipal financial planning and budget processes. The segments include:

A. General Government

General Government consists of Council & other legislative administration, corporate administration and general municipal services. Revenues and expenses that are not directly attributed to another segment are also recorded within this segment.

B. Protective Services

Protective Services is comprised of police, traffic safety, bylaw enforcement, emergency management and fire rescue.

C. Transportation Services

Transportation Services includes roads, bridges, sidewalks and extended shoulders for pedestrian and bike travel.

D. Planning, Development & Engineering

Planning, Development & Engineering is comprised of engineering services, land development and municipal use property activities. Land development includes the Town's role as a land developer in the areas of acquisition, development and land sales activities. Municipal use property involves the acquisition of land for municipal purposes and the disposal of land deemed surplus to municipal needs.

E. Recreation & Culture

Recreation & Culture includes parks and recreation, community and family services, recreation programs and facilities. Also included is the Coaldale Public Library, which is managed by a separate board.

F. Environmental Services

Environmental Services provides drinking water, resource recovery, storm water, solid waste collection and disposal, sanitary sewer and wastewater treatment for the Town.

21. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

22. COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

23. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements on April 24, 2023.