

TOWN OF SWAN HILLS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE OF CONTENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITORS' REPORT	2 - 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets (Debt)	6
Consolidated Statement of Cash Flows	7
Schedule 1 - Schedule of Changes in Accumulated Surplus	8
Schedule 2 - Schedule of Tangible Capital Assets	9
Schedule 3 - Schedule of Property and Other Taxes	10
Schedule 4 - Schedule of Government Transfers	11
Schedule 5 - Schedule of Consolidated Expenses by Object	12
Schedule 6 - Schedule of Segmented Disclosure	13
Schedule 7 - Schedule of Salary and Benefits Disclosure	14
Schedule 8 - Schedule of Local Authorities Pension Plan	15
Schedule 9 - Schedule of Accumulated Surplus	16
Schedule 10 - Schedule of Debt Limits	17
Notes to Financial Statements	18- 23

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management at the Town of Swan Hills 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 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 consolidated financial statements principally through its Audit Committee (represented by the Town Council Committee of the Whole). This committee 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 the Audit Committee with and without the presence of management. The Town Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Ellerington LLP, Chartered Professional Accountants, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outline their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.



Chief Administrative Officer

April 23, 2024



Director of Corporate Services



INDEPENDENT AUDITOR'S REPORT

To the Members of Council
Town of Swan Hills

Opinion

We have audited the consolidated financial statements of Town of Swan Hills (the Entity), which comprises the consolidated statement of financial position as at December 31, 2023, and the results of its operations, changes in its net financial assets (debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Town of Swan Hills as at December 31, 2023, the results of its operations, change in its net financial assets (debt) 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 these standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 and conditions that may cause significant doubt on the Entity'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 Entity 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 are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements.

Report on Other Legal and Regulatory Requirements

Debt Limit Regulation: In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in Schedule 10.

Supplementary Accounting Principles and Standards Regulation: In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standard Regulation and note the information required can be found in Schedule 7.

The engagement partner on the audit resulting in this independent auditor's report is: Scott Ellerington

Town of Swan Hills
April 23, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At December 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and Temporary Investments (Note 2)	\$ 4,525,452	\$ 4,117,237
Receivables		
Taxes and Grants in Lieu of Taxes (Note 3)	436,835	401,968
Trade and Other Receivables	198,592	171,664
Wildfire costs recoverable	<u>331,189</u>	<u>-</u>
	<u>5,492,068</u>	<u>4,690,869</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	384,001	258,729
Asset Retirement Obligation (Note 5)	696,193	-
Provision for Landfill Closure and Post-Closing Costs (Note 6)	-	526,024
Deferred Revenue (Note 4)	170,224	481,229
Long Term Debt (Note 7)	<u>269,590</u>	<u>444,769</u>
	<u>1,520,008</u>	<u>1,710,751</u>
NET FINANCIAL ASSETS (DEBT)	<u>3,972,060</u>	<u>2,980,118</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets	20,185,122	20,186,768
Inventory for Consumption	214,500	214,500
Prepaid Expenses	<u>-</u>	<u>-</u>
	<u>20,399,622</u>	<u>20,401,268</u>
ACCUMULATED SURPLUS (Schedules 1 and 9)	<u>\$ 24,371,682</u>	<u>\$ 23,381,386</u>

Contingencies - See Note 11

CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended December 31, 2023

	Budget (Unaudited)	2023	2022
REVENUE			
Net Municipal Taxes (Schedule 3)	\$ 1,867,936	\$ 1,863,604	\$ 1,845,832
Sales, User Charges, Franchise & Rentals	820,348	721,009	798,678
Government Transfers for Operating (Sch 4)	1,245,664	1,245,664	1,097,832
Investment Income	112,000	237,355	106,544
Penalties and Costs on Taxes	80,000	68,401	63,054
Franchise and Concession Contracts	<u>261,573</u>	<u>248,785</u>	<u>256,565</u>
TOTAL REVENUE	<u>4,387,521</u>	<u>4,384,818</u>	<u>4,168,505</u>
EXPENSES			
Council and Other Legislative	160,585	149,739	155,545
General Administration	945,829	908,025	808,976
Protective Services	163,866	280,285	149,402
Bylaw Enforcement	167,664	151,077	139,730
Common Services	915,230	760,476	908,113
Roads, Streets, Walks, Lighting	154,170	167,945	148,154
Storm Sewers and Drainage	13,669	9,707	10,818
Water Supply and Distribution	463,551	445,506	445,385
Wastewater Treatment and Disposal	69,817	43,477	47,751
Waste Management	116,677	103,495	117,389
Family and Community Support	63,626	30,982	56,227
Cemeteries	3,000	-	3,000
Land Use, Planning, Zoning and Development	7,300	2,268	4,147
Economic Development	76,998	65,970	31,404
Parks and Recreation	653,991	578,932	606,546
Culture: Libraries, Museums, Halls	186,813	169,937	167,563
Amortization Expense	<u>1,080,000</u>	<u>1,110,906</u>	<u>1,084,210</u>
TOTAL EXPENSES	<u>5,242,786</u>	<u>4,978,727</u>	<u>4,884,360</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER OTHER	<u>(855,265)</u>	<u>(593,909)</u>	<u>(715,855)</u>
Government Transfers for Capital	<u>908,373</u>	<u>1,584,206</u>	<u>1,033,627</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	53,108	990,297	317,772
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>23,381,386</u>	<u>23,381,385</u>	<u>23,063,614</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 23,434,494</u>	<u>\$ 24,371,682</u>	<u>\$ 23,381,386</u>

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)

For the Year Ended December 31, 2023

	Budget (Unaudited)	2023	2022
EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES	<u>\$ 53,108</u>	<u>\$ 990,297</u>	<u>\$ 317,772</u>
Acquisition of Tangible Capital Assets	(943,370)	(1,109,263)	(930,148)
Amortization of Tangible Capital Assets	<u>1,080,000</u>	<u>1,110,906</u>	<u>1,084,210</u>
	136,630	1,643	154,062
INCREASE (DECREASE) IN NET DEBT	<u>189,738</u>	<u>991,940</u>	<u>471,834</u>
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>2,980,119</u>	<u>2,980,119</u>	<u>2,508,285</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 3,169,857</u>	<u>\$ 3,972,059</u>	<u>\$ 2,980,119</u>

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

	2023	2022
OPERATING		
Excess (shortfall) of Revenues over Expenses	\$ 990,297	\$ 317,772
Non-Cash Items Included in Excess (Shortfall) of revenues over Expenses:		
Amortization of Tangible Capital Assets	1,110,906	1,084,209
Non-Cash Charges to Operations (Net Change)		
Decrease (Increase) in Taxes and Grants-in-Lieu Receivable	(34,865)	(51,373)
Decrease (Increase) in Trade and Other Receivables	(26,928)	63,166
Increase (Decrease) in Wildfire costs recoverable	(331,189)	-
Decrease (Increase) in Prepaid Expenses	-	-
Decrease (Increase) in Land for Resale Inventory	-	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	125,272	(4,146)
Increase (Decrease) in Deposit Liabilities	-	-
Increase (Decrease) in Asset Retirement Obligations	696,193	-
Increase (Decrease) in Landfill Reclamation Liability	(526,024)	25,000
Increase (Decrease) in Deferred Revenue	(311,005)	(155,395)
Increase (Decrease) in Other Current Liabilities	-	-
Cash Provided by Operating Transactions	<u>1,692,657</u>	<u>1,279,233</u>
CAPITAL		
Acquisition of Tangible Capital Assets	(1,109,263)	(930,148)
Sale of Tangible Capital Assets	-	-
Cash Provided by (Applied to) Capital Transactions	<u>(1,109,263)</u>	<u>(930,148)</u>
FINANCING		
Long-Term Debt Issued	-	-
Long-Term Debt Repaid	(175,179)	(171,627)
Cash Provided by (Applied to) Financing Transactions	<u>(175,179)</u>	<u>(171,627)</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	408,215	177,458
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>4,117,237</u>	<u>3,939,779</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR (Note 2)	<u>\$ 4,525,452</u>	<u>\$ 4,117,237</u>

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
For the Year Ended December 31, 2023

Schedule 1

				2023	2022
	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital assets		
BALANCE, BEGINNING OF YEAR	\$ <u>203,851</u>	\$ <u>3,435,537</u>	\$ <u>19,741,997</u>	\$ <u>23,381,385</u>	\$ <u>23,063,614</u>
Excess of revenue over expenses	990,297	-	-	990,297	317,772
Unrestricted designated for future	(600,000)	600,000	-	-	-
Funds used for tangible capital asset	(1,109,263)	-	1,109,263	-	-
Annual amortization expense	1,110,907	-	(1,110,907)	-	-
Long-term debt repaid	<u>(175,179)</u>	<u>-</u>	<u>175,179</u>	<u>-</u>	<u>-</u>
Change in Accumulated Surplus	<u>216,762</u>	<u>600,000</u>	<u>173,535</u>	<u>990,297</u>	<u>317,772</u>
BALANCE END OF YEAR	<u>\$ 420,613</u>	<u>\$ 4,035,537</u>	<u>\$ 19,915,532</u>	<u>\$ 24,371,682</u>	<u>\$ 23,381,386</u>

SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2023

Schedule 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2023 \$	2022 \$
COST								
BALANCE, BEGINNING OF YEAR	620,477	1,038,640	11,740,911	32,575,953	2,714,913	2,170,328	50,861,222	49,931,075
Acquisition of tangible capital assets	-	-	329,543	596,276	75,944	107,500	1,109,263	930,148
Disposal of tangible capital assets	-	-	-	-	-	-	-	-
Write down of tangible Capital assets	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	<u>620,477</u>	<u>1,038,640</u>	<u>12,070,454</u>	<u>33,172,229</u>	<u>2,790,857</u>	<u>2,277,828</u>	<u>51,970,485</u>	<u>50,861,223</u>
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	456,726	6,696,715	20,474,465	1,342,657	1,703,893	30,674,456	29,590,246
Annual amortization	-	66,538	221,756	647,510	107,787	67,316	1,110,907	1,084,209
Accumulated amortization on disposals	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	<u>-</u>	<u>523,264</u>	<u>6,918,471</u>	<u>21,121,975</u>	<u>1,450,444</u>	<u>1,771,209</u>	<u>31,785,363</u>	<u>30,674,455</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>620,477</u>	<u>515,376</u>	<u>5,151,983</u>	<u>12,050,254</u>	<u>1,340,413</u>	<u>506,619</u>	<u>20,185,122</u>	<u>20,186,768</u>
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>620,477</u>	<u>581,914</u>	<u>5,044,196</u>	<u>12,101,488</u>	<u>1,372,256</u>	<u>466,435</u>	<u>20,186,768</u>	

SCHEDULE OF PROPERTY AND OTHER TAXES

For the Year Ended December 31, 2023

Schedule 3

	Budget (Unaudited)	2023	2022
TAXATION			
Real Property Taxes	\$ 1,873,284	\$ 1,862,646	\$ 1,870,347
Linear Property Taxes	247,318	247,318	213,355
Government Grants in Lieu of Property Taxes	<u>19,631</u>	<u>25,224</u>	<u>33,014</u>
TOTAL TAXATION	\$ <u>2,140,233</u>	\$ <u>2,135,188</u>	\$ <u>2,116,716</u>
REQUISITIONS			
Alberta School Foundation	\$ 260,921	\$ 260,921	\$ 260,416
Barrhead & District Social Housing	10,663	10,663	10,468
Designated Industrial Properties	<u>713</u>	<u>-</u>	<u>-</u>
TOTAL REQUISITIONS	<u>272,297</u>	<u>271,584</u>	<u>270,884</u>
NET MUNICIPAL TAXES	\$ <u>1,867,936</u>	\$ <u>1,863,604</u>	\$ <u>1,845,832</u>

SCHEDULE OF GOVERNMENT TRANSFERS

For the Year Ended December 31, 2023

Schedule 4

	Budget (Unaudited)	2023	2022
TRANSFERS FOR OPERATING			
Provincial Government	\$ 295,664	\$ 295,664	\$ 147,832
Federal Government	-	-	-
Other Local Government	<u>950,000</u>	<u>950,000</u>	<u>950,000</u>
	<u>\$ 1,245,664</u>	<u>\$ 1,245,664</u>	<u>\$ 1,097,832</u>
TRANSFERS FOR CAPITAL			
Provincial Government	\$ 161,920	\$ 589,753	\$ 533,627
Federal Government	81,445	195,453	-
Other Local Government	<u>700,000</u>	<u>799,000</u>	<u>500,000</u>
	<u>943,365</u>	<u>1,584,206</u>	<u>1,033,627</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 2,189,029</u>	<u>\$ 2,829,870</u>	<u>\$ 2,131,459</u>

SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
For the Year Ended December 31, 2023

Schedule 5

	Budget (Unaudited)	2023	2022
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, Wages and Benefits	\$ 1,920,865	\$ 1,759,777	\$ 1,687,823
Contracted and General Services	946,664	780,435	893,795
Purchases from Other Governments	-	-	-
Materials, Goods, Supplies and Utilities	1,078,567	1,014,083	999,488
Provision For Allowances	7,000	136	16,124
Transfers to Other Governments	102,303	100,557	100,876
Transfers to Local Boards and Agencies	63,626	30,982	56,227
Transfers to Individuals and Organizations	21,500	18,943	20,630
Bank Charges and Short Term Interest	14,000	12,707	13,374
Interest on Long Term Debt	8,261	8,261	11,813
Other Expenditures	-	141,938	-
Amortization of Tangible Capital Assets	1,080,000	1,110,906	1,084,210
Loss on Disposal of Tangible Capital Assets	-	-	-
TOTAL EXPENSES	\$ 5,242,786	\$ 4,978,725	\$ 4,884,360

SCHEDULE OF SEGMENTED DISCLOSURE
For the Year Ended December 31, 2023

Schedule 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total \$
REVENUE								
Net municipal taxes	1,863,603	-	-	-	-	-	-	1,863,603
Government transfers	1,245,664	-	823,127	-	311,079	350,000	100,000	2,829,870
User fees & sale of goods	8,742	6,802	-	3,680	54,185	611,088	36,512	721,009
Investment income	237,354	-	-	-	-	-	-	237,354
Contributed assets	-	-	-	-	-	-	-	-
Other revenues	317,187	-	-	-	-	-	-	317,187
	<u>3,672,550</u>	<u>6,802</u>	<u>823,127</u>	<u>3,680</u>	<u>365,264</u>	<u>961,088</u>	<u>136,512</u>	<u>5,969,023</u>
EXPENSES								
Contract & general	372,339	37,386	154,681	2,268	86,812	118,740	8,209	780,435
Salaries & wages	616,606	67,734	427,555	-	327,210	232,271	88,401	1,759,777
Goods & supplies	47,713	33,226	346,187	-	215,348	251,173	120,436	1,014,083
Transfers to local boards	-	-	-	-	100,557	-	30,982	131,539
Long-term debt interest	8,261	-	-	-	-	-	-	8,261
Other expenses	12,843	141,938	-	-	18,943	-	-	173,724
	<u>1,057,762</u>	<u>280,284</u>	<u>928,423</u>	<u>2,268</u>	<u>748,870</u>	<u>602,184</u>	<u>248,028</u>	<u>3,867,819</u>
NET REVENUE, BEFORE AMORTIZATION	<u>2,614,788</u>	<u>(273,482)</u>	<u>(105,296)</u>	<u>1,412</u>	<u>(383,606)</u>	<u>358,904</u>	<u>(111,516)</u>	<u>2,101,204</u>
Amortization expense	81,450	87,906	213,385	-	195,135	528,030	5,000	1,110,906
NET REVENUE	<u>2,533,338</u>	<u>(361,388)</u>	<u>(318,681)</u>	<u>1,412</u>	<u>(578,741)</u>	<u>(169,126)</u>	<u>(116,516)</u>	<u>990,298</u>

SCHEDULE OF SALARY & BENEFIT DISCLOSURE
For the Year Ended December 31, 2023

Schedule 7

2023

	Salary	Benefits & Allowances	Total
MAYOR			
Craig Wilson	\$ 32,915	\$ 10,190	\$ 43,105
COUNCILLORS			
Bob Cleremont	15,459	1,414	16,873
Jeff Goebel	14,819	2,275	17,094
Elizabeth Krawiec	13,219	1,300	14,519
Terry Kuyek	15,551	2,617	18,168
Dean LaBerge	15,231	2,075	17,306
Daryn Watson	<u>13,859</u>	<u>2,020</u>	<u>15,879</u>
TOTAL MAYORS & COUNCILLORS	\$ <u>121,053</u>	\$ <u>21,891</u>	\$ <u>142,944</u>
APPOINTED AND DESIGNATED OFFICERS			
Municipal Manager	\$ 145,410	\$ 12,448	\$ 157,858
Designated Officers (3)	<u>273,901</u>	<u>29,529</u>	<u>303,430</u>
	\$ <u>419,311</u>	\$ <u>41,977</u>	\$ <u>461,288</u>

SCHEDULE OF LOCAL AUTHORITIES PENSION PLAN
For the Year Ended December 31, 2023

Schedule 8

LOCAL AUTHORITIES PENSION PLAN

Employees of the Town of Swan Hills do not participate in the Local Authorities Pension Plan (LAPP).

SCHEDULE OF ACCUMULATED SURPLUS
For the Year Ended December 31, 2023

Schedule 9

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

	2023	2022
Unrestricted Surplus	\$ <u>420,613</u>	\$ <u>203,851</u>
Restricted Surplus		
Future Subdivision	250,000	272,531
Public Works Equipment	400,000	400,000
Infrastructure	525,000	550,000
Facilities	150,000	150,000
Protective Services Equipment	659,542	670,228
Land Fill Reclamation	75,000	75,000
Viability Agreement	1,325,994	567,777
Contingency Operating	300,000	400,000
General Capital	<u>350,000</u>	<u>350,000</u>
	<u>4,035,536</u>	<u>3,435,536</u>
Equity in Tangible Capital Assets	<u>19,915,532</u>	<u>19,741,999</u>
TOTAL ACCUMULATED SURPLUS	\$ <u>24,371,681</u>	\$ <u>23,381,386</u>

SCHEDULE OF DEBT LIMITS
For the Year Ended December 31, 2023

Schedule 10

DEBT LIMITS

Section 276 (2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of Swan Hills be disclosed as follows:

Total Debt Limit	\$ 6,577,227
Total Debt	<u>269,590</u>
Amount of Debt Limit Unused	\$ <u>6,307,637</u>
Debt Servicing Limit	\$ 1,096,205
Debt Servicing	<u>183,440</u>
Amount of Debt Servicing Limit Unused	\$ <u>912,765</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined by Alberta Regulation 255/00) and the debt service limit is calculated at .25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of 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 represented as a whole.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Swan Hills are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local government accounting standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Significant aspects of the accounting policies adopted by the Town of Swan Hills are as follows:

a) Reporting Entity

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

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational 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 records 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 obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purposes 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. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Where measurement uncertainty exists the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) 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.

1. SIGNIFICANT ACCOUNTING POLICIES

e) Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the unmatured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

f) Requisition Over-levy and Under-Levy

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

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

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

g) Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

h) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

i) 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 given 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.

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 the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

1. SIGNIFICANT ACCOUNTING POLICIES

j) Landfill Closure and Post-Closure Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control and visual inspection. The requirement is being provided for over the estimated life of the landfill based on usage.

k) 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 revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

l) 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 excess of revenues over expenses, provide the consolidated Change in Net Financial Assets (Debt) 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:

	<u>Years</u>
Land Improvements	15
Buildings	50
Engineering Structures	
Water System	45 - 75
Wastewater System	45 - 75
Other Engineering Systems	20 - 30
Machinery, Equipment and Furnishings	5 - 25
Vehicles	10 - 25

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contribution of Tangible Capital Assets

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

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risk incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

2. CASH AND TEMPORARY INVESTMENTS

	2023	2022
Cash	\$ 3,933,545	\$ 3,546,483
Temporary Investments	<u>591,907</u>	<u>570,754</u>
	<u>\$ 4,525,452</u>	<u>\$ 4,117,237</u>

Temporary investments are short-term deposits with original maturities of 1 year or less.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2023	2022
Current Taxes and Grants in Place of Taxes	\$ 214,589	\$ 192,086
Arrears Taxes	<u>240,643</u>	<u>228,279</u>
	455,232	420,365
Less: Allowance for Doubtful Accounts	<u>(18,397)</u>	<u>(18,397)</u>
	<u>\$ 436,835</u>	<u>\$ 401,968</u>

4. DEFERRED REVENUE

	2023	2022
MSI Provincial Capital Grants	\$ 70,024	\$ 319,760
Canada Community-Building Fund	100,200	159,845
Other Capital Grants	<u>-</u>	<u>1,624</u>
	<u>\$ 170,224</u>	<u>\$ 481,229</u>

5. ASSET RETIREMENT OBLIGATION

Landfill

The Town operates a landfill site and is legally required to perform closure and post-closure activities upon retirement of this site. Closure and post-closure activities include the final clay cover, landscaping, as well as surgence and ground water monitoring, leachate control and visual inspection. A liability for the total obligation, which was incurred when the site started accepting waste, irrespective of the volume of waste accepted has been accrued. The Town estimates that no further obligation is incurred incrementally due to the volume of waste accepted, therefore, no further obligation is being accrued based on volume of waste accepted. Undiscounted future cash flows expected are a closure cost in the year 2028 of \$550,000 with annual post closure activities starting in 2029 of \$10,000 per year, increasing at an annual inflation rate of 2.5 per cent per annum for 25 years to the year 2053.

6. CONTAMINATED SITE LIABILITY

On January 1, 2015, The Town adopted PS 3260 Liability for Contaminated Sites. The standard was applied on a retroactive basis and did not result in any adjustments to the financial liabilities, tangible capital assets or accumulated surplus of the Town.

In 2023 the Liability for Contaminated Sites was replaced with an Asset Retirement Obligation (Note 5).

7. LONG-TERM DEBT

	2023	2022	
Tax Supported Debenture from Alberta Capital Finance Authority, bearing interest at 2.059 per cent per annum, repayable in blended semi-annual installments of \$91,720 to June 2025.	<u>\$ 269,590</u>	<u>\$ 444,769</u>	
Principal and Interest Repayments are as Follows:			
	Principal	Interest	Total
2024	\$ 178,805	\$ 4,635	\$ 183,440
2025	<u>90,785</u>	<u>935</u>	<u>91,720</u>
	<u>\$ 269,590</u>	<u>\$ 5,570</u>	<u>\$ 275,160</u>

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2023	2022
Tangible Capital Assets (Schedule 2)	\$ 51,970,485	\$ 50,861,223
Accumulated Amortization (Schedule 2)	<u>(31,785,363)</u>	<u>(30,674,455)</u>
	20,185,122	20,186,768
Long-Term Debt (Note 6)	<u>269,590</u>	<u>444,769</u>
	<u>\$ 19,915,532</u>	<u>\$ 19,741,999</u>

9. SEGMENTED DISCLOSURE

The Town of Swan Hills 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 states as disclosed in Note 1.

10. TRUST FUNDS

	2023	2022
Community Senior Housing Donation	\$ <u>591,907</u>	\$ <u>570,754</u>

The Town holds funds in trust for a private donation made for the purpose of community senior housing. The donation is held in a separate investment account bearing interest at 4.80 per cent per annum with the interest being accumulated on the donation.

11. 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.

12. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy and long-term debt. It is management's opinion that the Town is not exposed to significant interest or current risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable 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. Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

13. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.