

TOWN OF FORT MACLEOD
Consolidated Financial Statements
For the year ended December 31, 2022

TOWN OF FORT MACLEOD
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For the year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To: The Mayor and Members of Council of
the Town of Fort Macleod

Opinion

We have audited the consolidated financial statements of the Town of Fort Macleod which comprise the consolidated statement of financial position as at December 31, 2022, 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 Fort Macleod as at December 31, 2022, the results of its operations, change in its net financial assets 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 AUDITOR'S 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 municipality 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 16.
- 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 15.

Lethbridge, Alberta

March 27, 2023



Chartered Professional Accountants

MANAGEMENT REPORT

The consolidated financial statements are the responsibility of the management of the Town.

These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the Finance and Administration departments.

The Council meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council also considers the engagement or re-appointment of the external auditors. Council reviews the quarterly financial reports.

The consolidated financial statements have been audited by Avail LLP Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Town. Avail LLP has full and free access to the Council.



Chief Administrative Officer

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2022

	2022	2021 (restated)
Financial assets		
Cash and temporary investments (note 2)	\$ 1,765,558	\$ 545,871
Taxes and grants in place of taxes receivable (note 3)	240,939	334,121
Trade and other receivables (note 4)	325,534	642,313
Land held for resale	1,361,037	1,362,176
Investments (note 5)	8,905,897	11,212,096
	12,598,965	14,096,577
Liabilities		
Accounts payable and accrued liabilities	780,501	795,209
Deposits	348,038	309,896
Deferred revenue (note 6)	104,756	724,803
Long-term debt (note 7)	6,232,791	6,795,124
	7,466,086	8,625,032
Net financial assets	5,132,879	5,471,545
Non-financial assets		
Prepaid expenses	55,947	-
Inventory for consumption	330,841	298,728
Tangible capital assets (schedule 2)	53,683,553	52,906,990
	54,070,341	53,205,718
Accumulated surplus (note 8 and schedule 1)	\$ 59,203,220	\$ 58,677,263

Commitments and contingencies (note 20)

Approved on behalf of Council:

Councillor *Brent Feyter*

Councillor *J. Montebello*

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2022

	Budget (Unaudited)	2022	2021
Revenue			
Net municipal taxes (note 11)	\$ 3,256,710	\$ 3,265,000	\$ 3,001,488
User fees and sales of goods	2,948,250	4,036,357	2,903,393
Government transfers for operating (note 12)	287,600	500,009	602,044
Investment income	150,000	193,323	246,914
Penalties and costs of taxes	53,000	57,779	59,838
Licenses and permits	98,500	149,656	128,937
Franchise and concession contracts	520,000	577,198	511,867
Rental	185,000	240,753	140,925
Other	12,200	33,770	40,255
Gain on sale of tangible capital assets	-	-	32,886
	7,511,260	9,053,845	7,668,547
Expenses (note 13)			
General government			
Legislative	149,500	142,378	133,033
Administration	1,735,200	1,641,736	1,741,659
Protective services			
Protective services and emergency management	478,900	446,113	481,151
Transportation services			
Roads, streets, walks, lighting	1,629,100	2,299,283	1,548,315
Airport	20,100	11,000	16,677
Environmental use and protection			
Water supply and distribution	925,710	893,914	855,142
Wastewater treatment and disposal	977,100	980,548	939,714
Waste management	517,700	645,167	446,961
Public health and welfare			
Family and community support services	194,630	275,920	237,597
Cemeteries and columbarium	124,100	102,966	107,944
Planning and development			
Land use planning, zoning and development	243,000	364,397	240,505
Subdivision land and development	153,900	168,038	195,971
Recreation and culture			
Parks and recreation	1,411,350	1,389,494	1,082,376
Culture - libraries, museums, halls	406,400	361,004	350,860
	8,966,690	9,721,958	8,377,905
Deficiency of revenue over expenses before other	(1,455,430)	(668,113)	(709,358)
Other			
Government transfers for capital (note 12)	540,000	1,063,084	1,017,275
Capital donations	-	130,986	147,870
	540,000	1,194,070	1,165,145
(Deficiency) excess of revenue over expenses	(915,430)	525,957	455,787
Accumulated surplus, beginning of year	58,677,263	58,677,263	58,221,476
Accumulated surplus, end of year	\$ 57,761,833	\$ 59,203,220	\$ 58,677,263

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2022

	Budget (Unaudited)	2022	2021 (restated)
(Deficiency) excess of revenue over expenses	\$ (915,430)	\$ 525,957	\$ 455,787
Acquisition of tangible capital assets	(2,846,500)	(3,083,590)	(7,510,887)
Amortization of tangible capital assets	1,752,000	1,892,078	1,737,523
Loss (gain) on disposal of tangible capital assets	-	392,449	(32,886)
Proceeds on disposal of tangible capital assets	-	22,500	372,348
	(1,094,500)	(776,563)	(5,433,902)
Net change in inventory for consumption	-	(32,113)	(6,143)
Net change in prepaid expense	-	(55,947)	-
	-	(88,060)	(6,143)
Increase in net financial assets	(2,009,930)	(338,666)	(4,984,258)
Net financial assets, beginning of year	5,471,545	5,471,545	10,455,803
Net financial assets, end of year	\$ 3,461,615	\$ 5,132,879	\$ 5,471,545

TOWN OF FORT MACLEOD
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2022

	2022	2021 (restated)
Operating transactions		
(Deficiency) excess of revenue over expenses	\$ 525,957	\$ 455,787
Adjustments for items which do not affect cash		
Loss (gain) on disposal of tangible capital assets	392,449	(32,886)
Amortization of tangible capital assets	1,892,078	1,737,523
	2,810,484	2,160,424
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	93,182	27,007
Trade and other receivables	316,780	(194,284)
Land held for resale	1,139	(707,066)
Inventory for consumption	(32,113)	(6,143)
Prepaid expenses	(55,947)	-
Accounts payable and accrued liabilities	(14,708)	(325,836)
Deposits	38,142	(2,264)
Deferred revenue	(620,047)	134,935
	2,536,912	1,086,773
Capital transactions		
Proceeds on disposal of tangible capital assets	22,500	372,348
Acquisition of tangible capital assets	(3,083,590)	(7,510,887)
	(3,061,090)	(7,138,539)
Investing transactions		
(Increase) decrease in investments	2,306,198	(3,306,040)
Financing transactions		
Proceeds of long-term debt	-	2,942,000
Repayment of long-term debt	(562,333)	(464,616)
	(562,333)	2,477,384
Increase (decrease) in cash and temporary investments	1,219,687	(6,880,422)
Cash and temporary investments, beginning of year	545,871	7,426,293
Cash and temporary investments, end of year	\$ 1,765,558	\$ 545,871

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

1. Significant accounting policies

The consolidated financial statements of the Town are the representations of management prepared in accordance with generally accepted accounting principles for local government established by the Public Sector Accounting Board of 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 reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Taxes levied also includes requisitions for educational, health care, 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 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. 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 expense 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.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

1. Significant accounting policies, continued

(e) 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.

(f) Inventories for resale

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

(g) Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

(h) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. 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.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

1. Significant accounting policies, continued

(i) 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, 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:

	Years
Land improvements	15-25
Buildings	25-50
Engineered structures	5-80
Machinery and equipment	5-25
Vehicles	10-25

Amortization is charged in the year of acquisition but not in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

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

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. 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 or net realizable value with cost determined by the average cost method.

(v) Cultural and historical tangible capital assets

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

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

2. Cash and temporary investments

	2022	2021
Cash	\$ 141,750	\$ 215,404
Temporary investments	1,623,808	330,467
	\$ 1,765,558	\$ 545,871

Temporary investments are short term deposits with original maturities of 3 months or less. The temporary investments are comprised of short term securities and high interest savings accounts with interest rates of 1.0%.

Included in temporary investments are restricted amounts of \$104,756 (note 6).

3. Taxes and grants in place of taxes receivable

	2022	2021
Current taxes and grants in place of taxes receivable	\$ 135,955	\$ 233,631
Arrears	104,984	100,490
	\$ 240,939	\$ 334,121

4. Trade and other receivables

	2022	2021
Trade accounts	\$ 209,082	\$ 85,410
GST receivable	66,452	209,501
Federal government	50,000	-
Provincial government	-	347,402
	\$ 325,534	\$ 642,313

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

5. Investments

	2022		2021	
	Cost	Market value	Cost	Market value
Bonds	\$ 8,905,897	\$ 9,523,070	\$ 11,212,096	\$ 11,019,750

Government guaranteed bonds have effective interest rates of 1.22% - 3.89% with maturity dates from September, 2023 to January, 2033.

6. Deferred revenue

	2022	2021
Alberta Community Partnership (ACP)	\$ 63,224	\$ -
Municipal District of Willow Creek restricted reserve	24,600	12,300
Family and Community Support Services (FCSS)	9,695	25,214
Housing needs assessment	4,745	5,747
Bike park	2,492	2,492
Canadian Community Building Fund	-	380,136
Municipal Sustainability Initiative (MSI) - capital	-	169,907
Pool donations	-	84,230
Community Partnership grant	-	35,883
Community Foundation of Lethbridge & Southern Alberta	-	6,500
Community Cancer AHS grant	-	2,394
	\$ 104,756	\$ 724,803

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

7. Long-term debt

	2022	2021
Tax supported debentures - capital	\$ 5,307,139	\$ 5,754,659
Tax supported debentures - operating	925,652	1,040,465
	\$ 6,232,791	\$ 6,795,124
Current portion	\$ 523,091	\$ 562,233

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2023	\$ 523,091	\$ 165,025	\$ 688,116
2024	536,732	152,889	689,621
2025	474,590	139,200	613,790
2026	448,614	124,277	572,891
2027	421,925	113,449	535,374
Thereafter	3,827,839	493,758	4,321,597
	\$ 6,232,791	\$ 1,188,598	\$ 7,421,389

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 1.86% to 5.75% per annum, before Provincial subsidy, and matures in periods 2024 through 2036. The average annual interest rate is 3.12% (2021 - 3.15%). For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the Town of Fort Macleod at large.

Interest on long-term debt amounted to \$178,786 (2021 - \$163,369).

The Town's total cash payments for interest in 2022 were \$181,308 (2021 - \$162,801).

8. Accumulated surplus

Accumulated surplus consists of internally restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2022	2021 (restated)
Unrestricted surplus	\$ 2,566,902	\$ 2,550,829
Internally restricted surplus (reserves) (note 9)	8,259,904	8,974,103
Equity in tangible capital assets (note 10)	48,376,414	47,152,331
	\$ 59,203,220	\$ 58,677,263

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

9. Reserves

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses.

	2022	2021
Operating		
Infrastructure lifecycle, maintenance & replacement	\$ 370,000	\$ 376,681
Project reserve	116,285	86,502
Special purpose	107,886	109,974
Stabilization & contingency	680,800	1,570,653
	<u>1,274,971</u>	<u>2,143,810</u>
Capital		
Infrastructure lifecycle, maintenance & replacement	1,131,788	2,691,431
Project reserve	1,216,661	485,816
Special purpose	3,256,984	1,588,267
Stabilization & contingency	1,379,500	2,064,779
	<u>6,984,933</u>	<u>6,830,293</u>
	<u>\$ 8,259,904</u>	<u>\$ 8,974,103</u>

10. Equity in tangible capital assets

	2022	2021 (restated)
Tangible capital assets (schedule 2)	\$ 84,449,367	\$ 82,024,827
Accumulated amortization (schedule 2)	(30,765,814)	(29,117,837)
Long-term debt (note 7)	(6,232,791)	(6,795,124)
Long term debt - operating (note 7)	925,652	1,040,465
	<u>\$ 48,376,414</u>	<u>\$ 47,152,331</u>

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

11. Net municipal property taxes

	Budget (Unaudited)	2022	2021
Taxation			
Real property taxes	\$ 4,434,270	\$ 4,444,682	\$ 4,121,459
Government grants in place of property taxes	62,490	60,366	58,590
	4,496,760	4,505,048	4,180,049
Requisitions			
Alberta School Foundation Fund	1,136,295	1,136,294	1,076,090
Willow Creek Foundation	102,600	102,601	101,407
Linear	1,155	1,153	1,064
	1,240,050	1,240,048	1,178,561
	\$ 3,256,710	\$ 3,265,000	\$ 3,001,488

12. Government transfers

	Budget (Unaudited)	2022	2021
Transfers for operating:			
Provincial government	\$ 127,475	\$ 339,421	\$ 441,532
Other local government transfers	160,125	160,588	160,512
	287,600	500,009	602,044
Transfers for capital:			
Provincial government	540,000	1,063,084	1,017,275
	\$ 827,600	\$ 1,563,093	\$ 1,619,319

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

13. Expenses by object

	Budget (Unaudited)	2022	2021
Salaries, wages and benefits	\$ 2,893,630	\$ 2,753,203	\$ 2,685,656
Contracted and general services	2,304,600	2,647,752	2,158,450
Materials, goods, supplies and utilities	1,428,660	1,443,012	1,271,783
Bank charges and short term interest	17,500	17,687	16,524
Interest on long term debt	181,900	178,787	163,369
Other expenditures	53,400	63,723	42,463
Transfers to organizations and others	335,000	333,267	302,137
Amortization of tangible capital assets	1,752,000	1,892,078	1,737,523
Loss on disposal of tangible capital assets	-	392,449	-
	\$ 8,966,690	\$ 9,721,958	\$ 8,377,905

14. Contaminated sites liability

The Town adopted PS3260 Liability for Contaminated Sites. The Town did not identify any financial liabilities in 2022 (2021 - nil) as a result of this standard.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

15. Salary and benefits disclosure

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

	(1) Salary	(2) Benefits & allowances	2022	2021
Council				
Mayor Brent Feyter	\$ 16,804	\$ 6,137	\$ 22,941	\$ 20,769
Councillor Jim Monteith	13,002	5,341	18,343	16,837
Councillor Werner Dressler	6,432	2,955	9,387	16,154
Councillor Marco Van Huigenbos	9,839	5,739	15,578	14,955
Councillor Kristi Edwards	6,707	2,971	9,678	17,497
Councillor Gord Wolstenholme	14,114	5,948	20,062	21,133
Councillor Mackenzie Hengerer	11,164	5,814	16,978	3,586
Councillor Christina Fox	2,046	973	3,019	-
Councillor Aaron Poytress	1,708	954	2,662	-
Councillor David Orr	-	-	-	13,572
Chief Administrative Officer - Burdett	116,436	22,125	138,561	-
Interim Chief Administrative Officer - Gillingham	18,333	4,320	22,653	43,360
Chief Administrative Officer - Keenan	\$ -	\$ -	\$ -	\$ 124,484

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

(2) Benefits and allowances include the 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, accidental disability and dismemberment insurance, long- and short-term disability plans, professional memberships, and tuition.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

16. 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 be disclosed as follows:

	2022	2021
Total debt limit	\$ 13,580,768	\$ 11,502,821
Total debt	6,232,791	6,795,124
	\$ 7,347,977	\$ 4,707,697
Debt servicing limit	\$ 2,263,461	\$ 1,917,137
Debt servicing	688,116	763,641
	\$ 1,575,345	\$ 1,153,496

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) 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 which 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.

17. Local authorities pension plan

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pensions Plans Act. The plan serves about 281,764 people and 435 employers. The LAPP is financed by the 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.

The Town is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.80% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2022 were \$138,753 (2021 - \$157,639). Total current service contributions by the employees of the Town to the LAPP in 2022 were \$123,720 (2021 - \$142,316).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 billion.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

18. Segmented disclosure

The Town 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).

19. 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 risk arising from these financial instruments.

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 fulfil 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.

TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

20. Commitments and contingencies

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

b) Employees of the Town are allowed to accrue sick leave to a maximum of 1,120 hours. As at December 31, 2022 the amount of accumulated sick leave was \$399,981. The amount was not recorded in the financial statements as there is no certainty the full amount will be used. The amount of accumulated sick leave is not paid out to employees of the Town when they leave their position.

c) The Town has guaranteed repayment to a maximum of \$50,000 of an operating line of credit for the Empress Theatre Society to the Canadian Imperial Bank of Commerce. As at December 31, 2022 the outstanding operating line of credit balance was nil.

21. Budget amounts

The 2022 budget for the Town was approved by Council on April 25, 2022 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

Budgeted deficit per financial statements	\$ (915,430)
Less: Capital expenditures	(2,846,500)
Long-term debt repayments	(562,335)
Transfers to reserves	(77,515)
Add: Amortization of tangible capital assets	1,752,000
Transfers from reserves	2,649,780
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Equals: Balanced budget	\$ -
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TOWN OF FORT MACLEOD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

22. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

The prior year figures have been restated to reflect an allocation of development costs in the amount of \$614,323 to land held for resale from tangible capital assets. This has no effect on earnings or accumulated surplus.

23. Approval of financial statements

These financial statements were approved by Council and Management.

TOWN OF FORT MACLEOD
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

	Schedule of changes in accumulated surplus			Schedule 1	
	Unrestricted	Restricted	Equity in tangible capital assets	2022	2021
Balance, beginning of year	\$ 2,550,830	\$ 8,974,103	\$ 47,152,330	\$ 58,677,263	\$ 58,221,476
Excess of revenue over expenses	525,957	-	-	525,957	455,787
Unrestricted funds designated for future use	(527,517)	527,517	-	-	-
Restricted funds used for operations	67,379	(67,379)	-	-	-
Restricted funds used for tangible capital assets	-	(1,174,337)	1,174,337	-	-
Current year funds used for tangible capital assets	(1,909,253)	-	1,909,253	-	-
Disposal of tangible capital assets	414,948	-	(414,948)	-	-
Amortization of tangible capital assets	1,892,078	-	(1,892,078)	-	-
Long-term debt repaid	(447,520)	-	447,520	-	-
Change in accumulated surplus	16,072	(714,199)	1,224,084	525,957	455,787
Balance, end of year	\$ 2,566,902	\$ 8,259,904	\$ 48,376,414	\$ 59,203,220	\$ 58,677,263

TOWN OF FORT MACLEOD
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

							Schedule 2		
	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2022	2021 (restated)
Cost:									
Balance, beginning of year	\$ 263,311	\$ 1,881,672	\$ 28,678,037	\$ 43,384,612	\$ 5,192,796	\$ 1,177,666	\$ 1,446,733	\$ 82,024,827	\$ 75,623,749
Acquisitions	-	-	-	-	334,368	-	2,749,222	3,083,590	7,510,887
Transfers	-	234,214	209,174	2,508,884	-	-	(2,952,272)	-	-
Disposals	(1)	-	(4,932)	(611,575)	(41,009)	-	(1,533)	(659,050)	(1,109,809)
Balance, end of year	263,310	2,115,886	28,882,279	45,281,921	5,486,155	1,177,666	1,242,150	84,449,367	82,024,827
Accumulated amortization:									
Balance, beginning of year	-	1,017,093	10,031,645	15,432,288	1,800,229	836,583	-	29,117,837	28,150,661
Annual amortization	-	83,122	604,025	861,367	295,526	48,037	-	1,892,077	1,737,524
Disposals	-	-	(4,933)	(212,334)	(26,833)	-	-	(244,100)	(770,348)
Balance, end of year	-	1,100,215	10,630,737	16,081,321	2,068,922	884,620	-	30,765,814	29,117,837
Net book value	\$ 263,310	\$ 1,015,671	\$ 18,251,542	\$ 29,200,600	\$ 3,417,233	\$ 293,046	\$ 1,242,150	\$ 53,683,553	\$ 52,906,990
2021 net book value	\$ 263,311	\$ 864,579	\$ 18,646,393	\$ 27,952,325	\$ 3,392,566	\$ 341,084	\$ 1,446,733	\$ 52,906,990	

There were no assets acquired as contributed tangible capital assets in 2022 (2021 - nil).

TOWN OF FORT MACLEOD
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

Schedule of segmented disclosure

Schedule 3

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net municipal taxes	\$ 3,265,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,265,000
User fees and sales of goods	6,975	59,335	4,657	2,759,045	49,723	1,107,954	48,669	4,036,357
Government transfers for operating	82,267	8,464	86,776	10,000	250,501	-	62,000	500,009
Investment income	193,323	-	-	-	-	-	-	193,323
Penalties and costs of taxes	48,296	9,483	-	-	-	-	-	57,779
Licenses and permits	38,030	3,940	-	-	-	107,686	-	149,656
Franchise and concession contracts	577,198	-	-	-	-	-	-	577,198
Rental	42,058	-	17,494	-	-	-	181,201	240,753
Other	8,966	-	-	16,736	8,068	-	-	33,770
	4,262,113	81,222	108,927	2,785,781	308,292	1,215,640	291,870	9,053,845
Expenses								
Salaries, wages and benefits	686,366	182,239	431,818	451,905	212,909	94,572	693,394	2,753,203
Contracted and general services	529,827	189,195	351,535	835,534	65,969	357,261	318,431	2,647,752
Materials, goods, supplies and utilities	98,348	39,715	391,841	435,988	85,799	16,932	374,389	1,443,012
Bank charges and short term interest	17,687	-	-	-	-	-	-	17,687
Interest on long term debt	24,506	-	37,839	48,544	-	63,670	4,228	178,787
Other expenditures	63,723	-	-	-	-	-	-	63,723
Transfers to organizations and others	297,000	-	-	36,267	-	-	-	333,267
Amortization of tangible capital assets	66,655	34,964	704,801	711,391	14,211	-	360,056	1,892,078
Loss on disposal of tangible capital assets	-	-	392,449	-	-	-	-	392,449
	1,784,112	446,113	2,310,283	2,519,629	378,888	532,435	1,750,498	9,721,958
Excess (deficiency) of revenue over expenses before other	2,478,001	(364,891)	(2,201,356)	266,152	(70,596)	683,205	(1,458,628)	(668,113)
Other								
Government transfers for capital	-	-	302,969	760,115	-	-	-	1,063,084
Capital donations	-	-	-	-	-	-	130,986	130,986
	-	-	302,969	760,115	-	-	130,986	1,194,070
Excess (deficiency) of revenue over expenses	\$ 2,478,001	\$ (364,891)	\$ (1,898,387)	\$ 1,026,267	\$ (70,596)	\$ 683,205	\$ (1,327,642)	\$ 525,957