

TOWN OF TOFIELD
Financial Statements
Year Ended December 31, 2022

TOWN OF TOFIELD

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Year Ended December 31, 2022

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Town of Tofield (the Town) 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, 2021 and the results of its operation 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 judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material aspects.

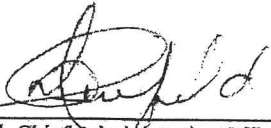
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable 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 principally through its Audit Committee. This committee meets regularly with management and external auditors to discuss the results of audit examination and financial reporting matters.

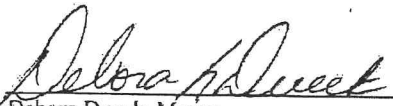
The external auditors have full access to the Audit Committee with and without the presence of management. The Town Council has approved the financial statements.

The financial statements have been audited by Becher Munro & Company Chartered Professional Accountants, 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.


Cindy Neufeld, Chief Administrative Officer
Town of Tofield, Alberta

APRIL 24/23

Date


Debora Dueck, Mayor
Town of Tofield, Alberta

APRIL 24/23

Date

INDEPENDENT AUDITOR'S REPORT

To the Councils of Town of Tofield

Opinion

We have audited the financial statements of Town of Tofield (the Town), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and accumulated surplus, changes in net financial assets (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS)

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 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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 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 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:

(continues)

Independent Auditor's Report to the Councils of Town of Tofield (*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 municipality is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in (Note 10).

- Supplementary Accounting Principle and Standards Regulation:

In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note (Note 15).

The engagement partner on the audit resulting in the independent auditor's report is Michael Becher.



Sherwood Park, Alberta
April 24, 2023

Chartered Professional Accountants

TOWN OF TOFIELD

Statement of Financial Position

December 31, 2022

	2022	2021
ASSETS		
Cash (<i>Note 2</i>)	\$ 1,903,206	\$ 2,286,074
Short term investments (<i>Note 3</i>)	1,670,757	1,641,907
Taxes and grants in place of taxes receivable		
- Current	103,656	317,740
- Arrears	165,856	256,414
Receivables from Other Governments	193,082	224,076
Trade and Other Receivables	201,657	226,191
Land held for resale	255,000	255,000
Long term investments (<i>Note 4</i>)	1,301,685	711,861
	5,794,899	5,919,263
LIABILITIES		
Accounts payable and accrued liabilities (<i>Note 6</i>)	388,173	348,854
Deposit liabilities	439,900	2,100
Prepaid local improvements	8,376	9,196
Deferred grant revenue (<i>Note 8</i>)	35,050	145,140
Long term debt (<i>Note 9</i>)	4,316,613	4,674,566
	5,188,112	5,179,856
NET FINANCIAL ASSETS	606,787	739,407
NON-FINANCIAL ASSETS		
Tangible capital assets - Schedule 2	22,703,854	21,779,672
Prepaid expenses	23,336	5,453
	22,727,190	21,785,125
ACCUMULATED SURPLUS - Schedule 1	\$ 23,333,977	\$ 22,524,532

COMMITMENTS (*Note 17*)

CONTINGENCIES (*Note 18*)

ON BEHALF OF COUNCIL

Mayor

Councillor

TOWN OF TOFIELD

Statement of Operations and Accumulated Surplus

Year Ended December 31, 2022

	Budget 2022	Total 2022	Total 2021
REVENUES			
Taxation and grants in place of taxes - Schedule 3	\$ 2,610,618	\$ 2,609,014	\$ 2,520,084
Sales and user charges	1,542,921	1,574,398	1,509,301
Penalties and cost on taxes	70,000	52,203	53,387
Licences and permits	17,000	31,701	13,438
Fines	5,000	3,605	4,252
Franchise and concession contracts	145,000	149,844	131,880
Interest income	35,000	87,342	36,083
Rentals	58,200	48,359	35,281
Federal government transfer - operating	10,300	6,000	10,871
Provincial government transfers - operating (Note 8)	230,755	240,553	442,846
Local government transfers - operating	311,285	288,680	258,498
Other revenue	7,000	7,631	15,243
Gains (losses) on disposal of assets	-	(21,293)	62,374
Partnership income allocation (Note 4)	-	1,210,183	673,135
	5,043,079	6,288,220	5,766,673
EXPENSES			
Council and other legislative	89,700	95,625	87,941
General administration	1,490,807	1,515,910	963,469
Fire	251,984	251,953	216,846
By-laws enforcement	99,632	100,322	77,582
Roads, streets, walks, lighting	789,798	822,865	759,315
Airport	19,600	45,021	35,445
Water supply and distribution	1,005,577	1,025,703	969,157
Wastewater treatment and disposal	126,700	108,543	105,737
Waste management	102,200	93,754	100,974
Family and community support (FCSS)	322,709	300,396	278,517
Cemeteries and crematoriums	28,600	29,754	22,711
Community development	859,642	785,644	761,592
Amortization	-	1,393,047	1,291,544
	5,186,949	6,568,537	5,670,830
(DEFICIT) SURPLUS OF REVENUES OVER EXPENSES BEFORE OTHER INCOME	(143,870)	(280,317)	95,843
OTHER INCOME			
Provincial Government transfers - capital (Note 8)	1,165,696	958,926	1,253,545
Contributed from other organizations	49,000	130,836	-
	1,214,696	1,089,762	1,253,545
EXCESS OF REVENUE OVER EXPENSES	1,070,826	809,445	1,349,388
ACCUMULATED SURPLUS (DEFICIT) - BEGINNING OF YEAR	(712,723)	22,524,532	21,175,144
ACCUMULATED SURPLUS - END OF YEAR	\$ 358,103	\$ 23,333,977	\$ 22,524,532

TOWN OF TOFIELD

Statement of Changes in Net Financial Assets (Debt)

Year Ended December 31, 2022

	Budget 2022	2022	2021
ANNUAL SURPLUS	\$ 1,070,826	\$ 809,445	\$ 1,349,388
Purchase of tangible capital assets	(2,165,000)	(2,352,057)	(2,027,848)
Proceeds on disposal of tangible capital assets	-	13,535	126,500
Amortization of tangible capital assets	-	1,393,047	1,291,544
Loss (gain) on disposal of assets	-	21,293	(62,374)
	(2,165,000)	(924,182)	(672,178)
Decrease (increase) in prepaid expenses	-	(17,883)	7,762
	(2,165,000)	(942,065)	(664,416)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(1,094,174)	(132,620)	684,972
NET FINANCIAL ASSETS - BEGINNING OF YEAR	-	739,407	54,435
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ (1,094,174)	\$ 606,787	\$ 739,407

TOWN OF TOFIELD

Statement of Cash Flows Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 809,445	\$ 1,349,388
Items not affecting cash:		
Amortization of tangible capital assets	1,393,047	1,291,544
Loss (gain) on disposal of tangible capital assets	21,293	(62,374)
	2,223,785	2,578,558
Changes in non-cash working capital:		
Investments	(28,849)	(19,730)
Taxes & grants in place of taxes receivable	304,644	70,360
Receivables from Other Governments	30,994	(5,803)
Trade and Other Receivables	24,532	(45,096)
Accounts payable and accrued liabilities	39,317	11,440
Deposit liabilities	437,800	(900)
Prepaid local improvements	(820)	(820)
Deferred grant revenue	(110,090)	(1,305,114)
Prepaid expenses	(17,882)	7,762
	679,646	(1,287,901)
Cash flow from operating activities	2,903,431	1,290,657
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(2,352,057)	(2,027,848)
Proceeds on disposal of tangible capital assets	13,535	126,500
Long term investments	(589,825)	(52,776)
Cash flow used by investing activities	(2,928,347)	(1,954,124)
FINANCING ACTIVITY		
Repayment of long term debt	(357,952)	(346,577)
Cash flow used by financing activity	(357,952)	(346,577)
DECREASE IN CASH FLOW	(382,868)	(1,010,044)
Cash - beginning of year	2,286,074	3,296,118
CASH - END OF YEAR	\$ 1,903,206	\$ 2,286,074

TOWN OF TOFIELD

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS (Schedule 1)

Year Ended December 31, 2022

	Unrestricted surplus	Restricted surplus	Equity in Tangible Capital Assets	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 98,277	\$ 5,321,149	\$ 17,105,106	\$ 22,524,532	\$ 21,175,144
Excess of revenues over expenses	809,445	-	-	809,445	1,349,388
Unrestricted funds designated for future use	(1,257,998)	1,257,998	-	-	-
Restricted funds used for operations	531,426	(531,426)	-	-	-
Restricted funds used for tangible capital assets	-	(1,206,247)	1,206,247	-	-
Current year funds used for tangible capital assets	(1,145,810)	-	1,145,810	-	-
Disposal of tangible capital assets	34,827	-	(34,827)	-	-
Amortization of tangible capital assets	1,393,047	-	(1,393,047)	-	-
Long term debt repaid	(357,952)	-	357,952	-	-
Change in accumulated surplus	6,985	(479,675)	1,282,135	809,445	1,349,388
BALANCE, END OF YEAR	\$ 105,262	\$ 4,841,474	\$ 18,387,241	\$ 23,333,977	\$ 22,524,532

TOWN OF TOFIELD

SCHEDULE OF TANGIBLE CAPITAL ASSETS (Schedule 2)

Year Ended December 31, 2022

	Land	Land Improvements	Buildings	Engineered Structures	Machinery, Equipment & Furnishings	Vehicles	2022 Total	2021 Total
COST								
BALANCE, BEGINNING OF YEAR	\$ 1,004,124	\$ 2,651,903	\$ 2,361,864	\$ 26,930,259	\$ 2,377,828	\$ 975,072	\$ 36,301,050	\$ 34,450,216
Acquisition of tangible capital assets	564,300	250,977	84,115	1,271,619	181,046	-	2,352,057	2,027,848
Disposal of tangible capital assets	-	-	-	-	(99,503)	-	(99,503)	(177,014)
BALANCE, END OF YEAR	1,568,424	2,902,880	2,445,979	28,201,878	2,459,371	975,072	38,553,604	36,301,050
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	1,170,508	1,110,958	10,169,078	1,425,445	645,389	14,521,378	13,342,722
Amortization of tangible capital assets	-	129,028	55,525	999,971	159,989	48,534	1,393,047	1,291,544
Accumulated amortization on disposals of tangible capital assets	-	-	-	-	(64,675)	-	(64,675)	(112,888)
BALANCE, END OF YEAR	-	1,299,536	1,166,483	11,169,049	1,520,759	693,923	15,849,750	14,521,378
2022 NET BOOK VALUE	\$ 1,568,424	\$ 1,603,344	\$ 1,279,496	\$ 17,032,829	\$ 938,612	\$ 281,149	\$ 22,703,854	\$ 21,779,672
2021 NET BOOK VALUE	\$ 1,004,124	\$ 1,481,395	\$ 1,250,906	\$ 16,761,181	\$ 952,383	\$ 329,683	\$ -	\$ 21,779,672

Tangible capital assets under construction (Note 11)

TOWN OF TOFIELD

SCHEDULE OF TAXES LEVIED AND GRANTS IN PLACE OF TAXES (Schedule 3)

Year Ended December 31, 2022

	Budget 2022	2022	2021
Taxation			
Real property			
- Residential taxes	\$ 2,270,230	\$ 2,269,414	\$ 2,184,248
- Commercial taxes	613,169	611,985	580,400
- Industrial taxes	379,448	378,566	384,614
- Farmland taxes	5,162	5,246	5,047
Total real property	3,268,009	3,265,211	3,154,309
Linear property taxes	92,588	92,629	90,725
Federal grants in place of taxes	9,000	9,000	8,459
Provincial grants in place of taxes	7,513	7,513	7,429
Local improvements	25,329	26,059	26,059
	3,402,439	3,400,412	3,286,981
Less: Requisitions			
Alberta School Foundation	686,528	686,528	667,891
Beaver Foundation	104,870	104,870	99,006
Designated Industrial Property	423	-	-
	791,821	791,398	766,897
Net Taxes Available for Municipal Purposes	\$ 2,610,618	\$ 2,609,014	\$ 2,520,084

TOWN OF TOFIELD

SCHEDULE OF EXPENSES BY OBJECT (Schedule 4)

Year Ended December 31, 2022

	Budget 2022	2022	2021
Expenses			
Salaries, wages and benefits	\$ 1,759,265	\$ 1,681,901	\$ 1,629,100
Contracted and general services	876,599	848,928	779,665
Material, goods, supplies and utilities	1,318,650	1,384,642	1,313,798
Transfers to local boards and agencies	160,452	167,124	127,656
Transfers to individuals and organization	858,316	861,590	300,203
Bank charges	7,000	3,627	13,452
Interest on capital long term debt	140,705	140,705	152,081
Gross recoveries	64,462	69,814	63,031
Other expenditures	1,500	17,159	300
Amortization of tangible capital assets	-	1,393,047	1,291,544
Total Expenses	\$ 5,186,949	\$ 6,568,537	\$ 5,670,830

TOWN OF TOFIELD
SCHEDULE OF SEGMENTED DISCLOSURES (Schedule 5)
Year Ended December 31, 2022

	General Government	Protective Services	Transportation Services	Community Development	Environmental Services	Other	2022
REVENUE							
Net municipal taxes	\$ 2,609,014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,609,014
Government transfers	60,000	-	-	1,434,159	-	-	1,494,159
User fees and sales of goods	254,041	2,630	33,027	98,716	1,452,128	19,567	1,860,109
Investment income	87,342	-	-	-	-	-	87,342
Other revenue	1,217,815	-	(21,293)	130,836	-	-	1,327,358
	4,228,212	2,630	11,734	1,663,711	1,452,128	19,567	7,377,982
EXPENSES							
Salaries and wages	553,783	-	368,753	549,942	188,481	20,942	1,681,901
Contracted and general services	408,226	352,275	40,124	288,477	64,654	8,811	1,162,567
Goods and supplies	40,451	-	340,693	56,038	948,406	-	1,385,588
Transfer to local boards	547,005	-	-	167,124	-	-	714,129
Long term debt interest	-	-	114,998	-	25,707	-	140,705
Other expenses	62,070	-	3,319	24,459	752	-	90,600
	1,611,535	352,275	867,887	1,086,040	1,228,000	29,753	5,175,490
NET REVENUES, BEFORE AMORTIZATION	2,616,677	(349,645)	(856,153)	577,671	224,128	(10,186)	2,202,492
Amortization of tangible capital assets	11,912	-	941,967	248,611	185,723	4,834	1,393,047
NET REVENUE	\$ 2,604,765	\$ (349,645)	\$ (1,798,120)	\$ 329,060	\$ 38,405	\$ (15,020)	\$ 809,445

TOWN OF TOFIELD

Notes to Financial Statements Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. The entity is comprised only of the municipal operations of the Town. The Town contributes to, but does not control, the Tofield Agricultural Society and the Town of Tofield Library Board. Reporting for these entities is limited to the Town's contribution to them.

The schedule of taxes levied also include 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.

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 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 tangible capital assets are acquired.

Interest on long term debt and pension expenditures are recorded as payment is made.

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Significant estimates include net realizable value of land inventory and book value of tangible capital assets.

Cash

Cash includes restricted and unrestricted cash on hand in a chartered bank plus outstanding deposits less cheques issued and outstanding.

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TOWN OF TOFIELD

Notes to Financial Statements Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments

Investments in guaranteed investment certificates and bonds are recorded at cost plus accrued interest which approximates fair market value.

Long Term Investments

The Town's significant influence investment in Claystone Waste Limited Partnership (CWLP) (a government business partnership) is accounted for on a modified equity basis, consistent with the public sector accounting standards treatment for government business partnerships. Under the modified equity basis, the business enterprise's accounting policies are not adjusted to conform with those of the Town and inter-organizational transactions and balances are not eliminated. Income is allocated yearly from CWLP which increases the carrying value of the investment. Dividends received reduce the carrying value of the investment as they are received.

The investment in Claystone Waste Ltd is reported at amortized cost.

Land Held for Resale

Land held for resale is valued 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 the respective function.

Prepaid Local Improvement Charges

Construction and borrowing costs associated with the local improvement projects are recovered through annual special property 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. The deferred revenue is amortized to revenue on a straight-line basis over the remaining term of the related borrowings.

Included in local improvements revenue is \$820 (2021 - \$820) which represents the annual amortization of prepaid local improvement charges.

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.

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TOWN OF TOFIELD

Notes to Financial Statements

Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

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

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

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial instruments recorded at fair value in subsequent periods include cash and investments.

Financial instruments recorded at amortized cost in subsequent periods include certain trade and other receivables, long term investments, accounts payable, deposit liabilities, and long term debt.

(continues)

TOWN OF TOFIELD

Notes to Financial Statements Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

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 sales 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 Change in Net Financial Assets (Debt) for the year.

1. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Land Improvements	20 years
Buildings	50 years
Engineered structures:	
Roadway system	20 years
Airport	20 years
Cemetery	125 years
Water system	50 - 75 years
Wastewater/storm sewer system	50 - 75 years
Machinery and equipment	5 - 20 years
Vehicles	10 years

The full annual amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

2. 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.

3. 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.

Equity in Tangible Capital Assets

Equity in tangible capital assets represents the Town's net investment in tangible capital assets, after deducting the portion financed by third parties through debenture.

Reserves for Future Expenditures

Reserves for future expenditures are established at the discretion of Council to set aside funds for future expenditures and capital projects.

Budget

The budget amounts are presented for information purposes and have not been audited or reviewed.

TOWN OF TOFIELD

Notes to Financial Statements
Year Ended December 31, 2022

2. RESTRICTED CASH

	2022	2021
<u>Restricted cash consists of:</u>		
Deposit liabilities	\$ 439,900	\$ 2,100
Prepaid local improvements	8,376	9,196
Deferred grant revenue	35,050	145,140
	\$ 483,326	\$ 156,436

3. SHORT TERM INVESTMENTS

	2022 Cost	2022 Market value	2021 Cost	2021 Market value
Guaranteed Investment Certificates (GIC)				
#30 - 0.050%, 0.100%, 0.450% rate riser GIC maturing April 22, 2024	\$ 141,054	\$ 141,054	\$ 140,934	\$ 140,934
#31 - 0.050%, 0.100%, 0.450% rate riser GIC maturing February, 2024	107,101	107,101	106,998	106,998
Nesbitt Burns Investment Account	1,422,602	1,422,602	1,393,975	1,393,975
	\$ 1,670,757	\$ 1,670,757	\$ 1,641,907	\$ 1,641,907

4. LONG TERM INVESTMENTS

	2022	2021
<u>Claystone Waste Ltd.</u>		
Class A Common Voting Shares (2359 @ 0.01/each - 23.59%)	\$ 24	\$ 24
Class D Common Non-Voting Shares (3104 @ \$0.10/each - 20.69%) (2021 - 3102 @ \$0.10/each - 20.68%)	310	310
	334	334
<u>Claystone Waste Limited Partnership</u>		
Voting Units (2359 @ \$0.01/each - 23.59%)	24	24
Dividend Units (3104 @ \$0.10/each - 20.69%) (2021 - 3102 @ \$0.10/each - 20.68%)	310	310
Total units	334	334
Equity within partnership		
Opening balance	711,193	658,417
Dividends received	(620,359)	(620,359)
Income allocation	1,210,183	673,135
Total equity within partnership	1,301,017	711,193
Ending balance	1,301,351	711,527
Grand total	\$ 1,301,685	\$ 711,861

TOWN OF TOFIELD

Notes to Financial Statements Year Ended December 31, 2022

5. GOVERNMENT BUSINESS PARTNERSHIP

Claystone Waste Limited Partnership (CWLP) was established in 2020 by the Town of Tofield, Beaver County, Village of Holden, Village of Ryley, Town of Viking, and Claystone Waste Ltd. to provide waste management services to the partner communities and other users.

The following is a summary of condensed financial information related to the Town's proportionate share based on dividend units (2022 - 20.69%, 2021 - 20.68%) in CWLP for the year ended December 31, 2022. Dividend units are being used because the income allocation on the audited CWLP financial statements is based on dividend units.

	2022	2021
<u>Financial position</u>		
Financial assets	\$ 8,845,412	\$ 8,147,250
Physical assets	7,163,219	7,139,621
Total Assets	16,008,631	15,286,871
Current liabilities	(381,582)	(287,264)
Landfill closure and post-closure liability	(3,378,433)	(3,347,969)
Total Liabilities	(3,760,015)	(3,635,233)
Net Assets	\$ 12,248,616	\$ 11,651,638
<u>Results of Operations</u>		
Revenues	\$ 5,386,831	\$ 4,505,452
Amortization expense	(1,036,332)	(1,018,693)
Operating expenses	(2,984,483)	(2,735,762)
Finance expenses	(47,846)	(46,547)
Other income	(107,987)	(31,315)
	\$ 1,210,183	\$ 673,135

CWLP has recognized a decommissioning liability for the estimated expected costs for closure and post-closure activities for a landfill site. The estimated costs are based on estimates and assumptions related to future events and using information currently available to management. Future events may result in significant changes to the estimated total costs and the estimated liability.

6. ACCOUNTS PAYABLE

	2022	2021
General accounts payable	\$ 361,796	\$ 323,491
Employee deductions payable	26,377	25,365
	\$ 388,173	\$ 348,856

7. UNUSED CREDIT FACILITY

The Town has an authorized overdraft limit with its bankers to a maximum limit of \$2,000,000. The lending rate is at prime. The balance outstanding on the credit facility as at December 31, 2022 is \$NIL (2021 - \$NIL).

TOWN OF TOFIELD

Notes to Financial Statements
Year Ended December 31, 2022

8. DEFERRED GRANT REVENUE

	BALANCE 2021	Received in the Year	Recognized as Revenue	BALANCE 2022
PROVINCIAL CAPITAL				
Federal Gas Fund	\$ 76,848	\$ -	\$ 41,798	\$ 35,050
Municipal Sustainability Initiative	55,432	859,984	915,416	-
Municipal Stimulus Program	1,712	-	1,712	-
Total Capital	133,992	859,984	958,926	35,050
PROVINCIAL OPERATING				
Arise (AB Health)	-	3,150	3,150	-
Family & Community Support Services	-	149,014	149,014	-
Municipal Sustainability Initiative	-	77,241	77,241	-
Climate Leadership Grant	11,148	-	11,148	-
Total Operating	11,148	229,405	240,553	-
PROVINCIAL REPAID OPERATING GRANTS				
Mediation Grant	-	-	-	-
	\$ 145,140	\$ 1,089,389	\$ 1,199,479	\$ 35,050

	BALANCE 2020	Received in the Year	Recognized as Revenue	BALANCE 2021
PROVINCIAL CAPITAL				
Federal Gas Fund	\$ -	\$ 201,698	\$ 124,850	\$ 76,848
Municipal Sustainability Initiative	938,472	-	883,040	55,432
Municipal Stimulus Program	247,367	-	245,655	1,712
Total Capital	1,185,839	201,698	1,253,545	133,992
PROVINCIAL OPERATING				
Reducing the Impact of Financial Strain	-	5,000	5,000	-
Family & Community Support Services	-	149,014	149,014	-
Municipal Sustainability Initiative	-	77,241	77,241	-
Senate Election Act & Referendum Grant	-	8,324	8,324	-
Climate Leadership Grant	51,389	-	40,241	11,148
Municipal Operating Support Transfer	163,026	-	163,026	-
Total Operating	214,415	239,579	442,846	11,148
PROVINCIAL REPAID OPERATING GRANTS				
Mediation Grant	50,000	-	50,000	-
	\$ 1,450,254	\$ 441,277	\$ 1,746,391	\$ 145,140

Municipality Sustainability Initiative ("MSI") - Capital

Funding in the amount of \$859,984 (2021 - \$NIL) was received in the current year from the MSI capital program. This amount is restricted to eligible capital projects, as approved under the funding agreement. Spent in 2022 was \$915,416 (2021 - \$883,040) which includes amounts received in the current year as well as previously deferred MSI capital grant revenue.

TOWN OF TOFIELD

Notes to Financial Statements Year Ended December 31, 2022

9. LONG TERM DEBT

	2022	2021
Long Term Debt Support		
Supported by General Tax Levies	\$ 4,084,964	\$ 4,423,230
Supported by Special Levies	231,649	251,336
	\$ 4,316,613	\$ 4,674,566

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2023	\$ 369,724	\$ 128,933	\$ 498,657
2024	381,907	116,750	498,657
2025	394,517	104,140	498,657
2026	407,569	91,088	498,657
2027	421,080	77,578	498,658
Thereafter	2,341,816	296,190	2,638,006
	\$ 4,316,613	\$ 814,679	\$ 5,131,292

10. DEBT 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	\$ 9,628,583	\$ 8,650,011
Total Debt	(4,316,613)	(4,674,566)
Amount of Total Debt Limit Unused	\$ 5,311,970	\$ 3,975,445
Service on Debt Limit	\$ 1,604,764	\$ 1,441,669
Service on Debt	(498,657)	(498,657)
Amount of Service on Debt Limit Unused	\$ 1,106,107	\$ 943,012

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 that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

TOWN OF TOFIELD

Notes to Financial Statements
Year Ended December 31, 2022

11. TANGIBLE CAPITAL ASSETS UNDER CONSTRUCTION

Included in ending cost of tangible capital assets are costs of assets under construction, which are therefore not being amortized, as follows:

	2022	2021
Engineered Structures	\$ -	\$ 375,673
Land Improvements	-	7,500
Machines and Equipment	13,806	-
	\$ 13,806	\$ 383,173

12. EQUITY IN TANGIBLE ASSETS

	2022	2021
Tangible capital assets - Schedule 2	\$ 38,553,604	\$ 36,301,050
Accumulated amortization - Schedule 2	(15,849,750)	(14,521,378)
Long term debt (Note 9)	(4,316,613)	(4,674,566)
	\$ 18,387,241	\$ 17,105,106

13. ACCUMULATED SURPLUS

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

	2022	2021
Unrestricted Surplus	\$ 105,262	\$ 98,277
Restricted Surplus		
FCSS Reserve	151,773	152,293
Sewer Reserve	24,500	24,500
Water Reserve	131,500	131,500
General Administration Reserve	1,837,823	1,253,624
General Capital Reserves	2,584,577	3,647,931
Developers Offsite Levy Reserve	111,301	111,301
	4,841,474	5,321,149
Equity in tangible capital assets (Note 12)	18,387,241	17,105,106
	\$ 23,333,977	\$ 22,524,532

TOWN OF TOFIELD

Notes to Financial Statements Year Ended December 31, 2022

14. SEGMENTED DISCLOSURES

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 Schedule of Segmented Disclosure (schedule 5)

General government includes council, and other legislative, and general administration. Protective services include bylaw enforcement, police, and fire. Transportation includes roads, streets, walks and lighting. Community development includes parks and recreation, libraries and halls. Environmental services includes water supply and distribution, sewage, and garbage fees. Other includes cemetery.

15. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the Chief Administrative Officer, and designated officers as required by Alberta Regulation 313/2000 as follows:

	Salaries/Fees (1)	Benefits (2)	2022	2021
MAYOR				
Debora Dueck	\$ 20,930	\$ -	\$ 20,930	\$ 22,310
	20,930	-	20,930	22,310
COUNCILORS				
Brenda Chehade	18,940	-	18,940	17,710
Catherine Brown	-	-	-	7,188
Harold Conquest	13,225	-	13,225	12,708
Larry Tiedeman	12,505	-	12,505	11,083
Norman Martineau	10,538	-	10,538	3,423
	55,208	-	55,208	52,112
DESIGNATED OFFICERS				
CAO	153,113	21,916	175,029	169,922
Designated officers (2)	142,534	17,451	159,985	155,667
	\$ 371,785	\$ 39,367	\$ 411,152	\$ 400,011

(1) Salary includes regular base pay, gross honoraria and any other direct cash remuneration.

(2) Benefits include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, pension enhancement, health care, dental coverage, vision coverage and professional memberships.

TOWN OF TOFIELD

Notes to Financial Statements Year Ended December 31, 2022

16. 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 LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 8.45% (2021 - 9.39%) of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 12.80% (2021 - 13.84%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% (2021 - 8.39%) of pensionable salary up to the year's maximum pensionable salary and 11.80% (2021 - 12.84%) on pensionable salary above this amount.

Total current service contributions by the Town to the Local Authorities Pension Plan were \$108,027 (2021 - \$110,994). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan were \$96,368 (2021 - \$100,135).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.922 million.

For further information of the amount of LAPP deficiency/surplus information see:
www.lapp.ca/page/annual-reports

17. COMMITMENTS

The Town has entered into operating lease agreements for certain office equipment expiring in August 2024, August 2025, and April 2026. The annual lease amounts due until the expiration of these leases are as follows:

2023	\$	13,097
2024		11,477
2025		4,681
2026		686
		<hr/>
	\$	29,941

18. CONTINGENCIES

The Town is a member of the Alberta Local 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.

The Town is the co-defendant in a counterclaim related to the dismissal of a former employee, amounting to up to \$129,850, which would not be covered under MUNIX. At present, the outcome is not determinable. The amount of future settlement, if any, would be accounted for as a current transaction in the year of the settlement.

TOWN OF TOFIELD

Notes to Financial Statements Year Ended December 31, 2022

19. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash, investments, certain long term investments, trade and other receivables, accounts payable, deposit liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest, liquidity, price, or current risk arising from these financial instruments.

Credit risk

The maximum exposure to credit risk is the carrying value of cash, investments, and accounts receivable on the balance sheet.

The Town has a concentration of credit risk due to the entire cash amount being on deposit with one institution. Risk is mitigated on cash by being deposited with a federally regulated, credit worthy financial institution.

Credit risk on investments arises from the potential that a counter party to a contract fails to perform according to the terms and conditions of that contract. The Town is subject to credit risk in that the investments are on deposit with a single financial institution. Risk is mitigated on the investment by being invested in guaranteed investment certificates issued by a range of banks and trust companies.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable, receivables from other governments and trade and other receivables. This 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 Town has a geographical concentration of credit risk for accounts receivable due to its operations being primarily in a municipality in Alberta. Risk is mitigated by the large number and diversity of taxpayers and customers.

Credit risk has changed from prior year in that the carrying values of cash has significantly decreased, accounts receivable have decreased, which has been partially offset by an increase in investments.

20. RELATED PARTY TRANSACTIONS

The following is a summary of the Town's related party transactions:

	2022	2021
Claystone Waste Limited Partnership		
<i>Significant influence subsidiary</i>		
Expense - Waste management, contracted and general services	\$ 102,702	\$ 103,280

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

21. SUBSEQUENT EVENTS

On February 24, 2023 Claystone Waste Ltd declared a dividend of \$3M to its partners. The Town's share of this is \$620,759, based on dividend units.

22. OTHER MATTER

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is still ongoing and constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the ongoing effects of these changes on its future financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to reliably estimate the potential impact on the Town's operations as at the date of these financial statements.

TOWN OF TOFIELD

Notes to Financial Statements
Year Ended December 31, 2022

23. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

24. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.