

**TOWN OF HIGH LEVEL
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of Town of High Level

Qualified Opinion

We have audited the accompanying consolidated financial statements of the Town of High Level (the Town), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, 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, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Management was not able to provide all of the supporting documents necessary for us to complete all of our audit procedures concerning the existence and completeness of deferred revenue and government transfers. As a result, we were unable to determine whether adjustments were required to deferred revenue, government transfer for capital, or government transfer for operating. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 21, which explains that certain comparative information presented for the period ended December 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

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 consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

(continues)

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Independent Auditors' Report to the Mayor and Members of Council of Town of High Level (continued)

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 consolidated 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:

- Identify and assess the risks of material misstatement of the consolidated 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 auditors' report to the related disclosures in the consolidated 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 auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

MATRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta

June 6, 2024



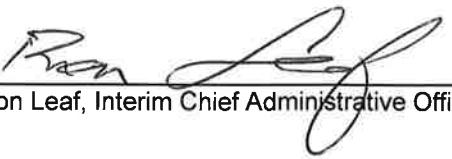
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Administration is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgements and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibility for the integrity and fairness of the financial statements, Administration designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The elected Mayor and Council of the Town of High Level are composed entirely of individuals who are neither administration nor employees of the Town. The Mayor and Council have the responsibility of meeting with Administration and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Mayor and Council are also responsible for the appointment of the Town's external auditors.

METRIX Group LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the consolidated financial statements and to report directly to them. The external auditors have full and free access to and meet periodically and separately with both the Mayor and Council and Administration to discuss their audit findings.


Ron Leaf, Interim Chief Administrative Officer

High Level, Alberta

June 6, 2024

TOWN OF HIGH LEVEL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u> (Restated) (Note 21)
FINANCIAL ASSETS		
Cash (Note 3)	\$ 3,738,125	\$ -
Assets held in trust (Note 4)	485,216	347,720
Accounts receivable (Note 5)	2,101,188	6,661,400
Inventory for resale	29,638	30,181
Investments (Note 6)	<u>6,936,533</u>	<u>4,494,453</u>
	<u>13,290,700</u>	<u>11,533,754</u>
LIABILITIES		
Bank indebtedness (Note 3)	-	316,518
Assets held in trust (Note 4)	485,216	347,720
Accounts payable and accrued liabilities (Note 7)	1,864,948	1,692,109
Deferred revenue (Note 8)	4,809,049	1,714,578
Long-term debt (Note 9)	2,259,443	2,686,830
Landfill closure and post-closure liability (Note 10)	4,378,419	4,215,959
Deposit liabilities	<u>30,145</u>	<u>29,945</u>
	<u>13,827,220</u>	<u>11,003,659</u>
NET FINANCIAL ASSETS (DEBT)	<u>(536,520)</u>	<u>530,095</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 5)	106,334,110	106,854,167
Inventory for consumption	147,753	137,522
Prepaid expenses	<u>227,565</u>	<u>190,726</u>
	<u>106,709,428</u>	<u>107,182,415</u>
ACCUMULATED SURPLUS (Note 14)	<u>\$106,172,908</u>	<u>\$107,712,510</u>

APPROVED ON BEHALF OF COUNCIL:

TOWN OF HIGH LEVEL
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 (Budget) (Note 18)	2022 (Actual)	2021 (Actual) (Restated) (Note 21)
REVENUES			
Net municipal property taxes (Schedule 2)	\$ 5,863,597	\$ 6,458,796	\$ 4,987,369
User fees and sales of goods	5,962,643	5,512,275	5,368,905
Government transfers for operating (Schedule 3)	1,971,066	1,597,943	2,424,325
Interest and investment income	142,525	176,559	46,606
Penalties and costs on taxes	49,146	39,658	53,338
Fines, licenses and permits	85,100	41,191	67,914
Other	<u>185,054</u>	25,887	<u>374,175</u>
	<u>14,259,131</u>	<u>13,852,309</u>	<u>13,322,632</u>
EXPENSES			
Council and other legislative	481,428	429,923	366,590
Administration	2,238,224	2,592,017	2,501,657
Fire protection and safety services	1,932,667	1,955,180	1,778,128
Roads, streets, walks, and lighting	2,732,826	5,505,089	5,306,403
Water supply and distribution	1,926,509	2,500,787	2,435,213
Wastewater treatment and disposal	388,484	687,578	716,709
Waste management	204,280	214,500	224,696
Family and community support	212,152	230,660	249,999
Planning and development	533,301	490,403	425,546
Parks and recreation	1,678,901	2,090,638	2,010,154
Culture and library	<u>582,553</u>	747,016	<u>760,233</u>
	<u>12,911,325</u>	<u>17,443,791</u>	<u>16,775,328</u>
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE OTHER INCOME	<u>1,347,806</u>	(3,591,482)	<u>(3,452,696)</u>
OTHER INCOME			
Government transfers for capital (Schedule 3)	-	1,958,668	2,457,440
Gain on sale of investments	<u>-</u>	89,054	<u>-</u>
	<u>-</u>	2,047,722	<u>2,457,440</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>1,347,806</u>	(1,543,760)	<u>(995,256)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	<u>107,712,510</u>	106,750,093	<u>108,323,798</u>
Prior period adjustment (Note 21)	<u>-</u>	966,575	<u>383,968</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATED	<u>-</u>	107,716,668	<u>108,707,766</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$109,060,316</u>	\$106,172,908	<u>\$107,712,510</u>

TOWN OF HIGH LEVEL
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 (Budget) (Note 18)	2022 (Actual)	2021 (Actual) (Restated) (Note 21)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 1,347,806	\$ (1,543,760)	\$ (995,256)
Acquisition of tangible capital assets	-	(5,402,053)	(7,188,876)
Adjustment to tangible capital assets	-	1,221	-
Work in progress adjustments	-	330,461	2,905,773
Amortization of tangible capital assets	—	5,591,649	5,602,868
	—	521,278	1,319,765
Net change in inventory for consumption	-	(10,231)	19,779
Net change in prepaid expenses	—	(36,839)	45,546
	—	(47,070)	65,325
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	1,347,806	(1,069,552)	389,834
NET FINANCIAL ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	530,095	(433,543)	(243,707)
Prior period adjustment (Note 21)	—	966,575	383,968
NET FINANCIAL ASSETS, BEGINNING OF YEAR, AS RESTATED	530,095	533,032	140,261
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ 1,877,901	\$ (536,520)	\$ 530,095

TOWN OF HIGH LEVEL
CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u> (Restated) (Note 21)
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures	\$ (1,543,760)	\$ (995,256)
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	5,591,649	5,602,868
Gain on sale of investment	(89,054)	-
Change in non-cash working capital balances:		
Accounts receivable	4,560,212	(2,180,612)
Inventory for resale	543	5,317
Accounts payable and accrued liabilities	172,839	(609,035)
Deferred revenue	3,094,471	(1,508,637)
Deposit liabilities	200	(368)
Landfill closure and post-closure costs	162,460	105,878
Prepaid expenses	(36,839)	45,546
Inventory for consumption	(10,231)	<u>19,773</u>
	<u>11,902,490</u>	<u>485,474</u>
CAPITAL ACTIVITIES		
Construction-in-progress transfer	330,461	2,905,773
Purchase of tangible capital assets	(5,402,053)	<u>(7,188,876)</u>
	<u>(5,071,592)</u>	<u>(4,283,103)</u>
INVESTING ACTIVITIES		
Purchase of investments	(4,078,097)	(2,504,657)
Proceeds from investments	1,729,229	<u>3,144,890</u>
	<u>(2,348,868)</u>	<u>640,233</u>
FINANCING ACTIVITIES		
Long-term debt repayments	(427,387)	(502,816)
Long-term debt acquired	-	<u>710,000</u>
INCREASE (DECREASE) IN CASH	4,054,643	(2,950,212)
CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR	(316,518)	<u>2,633,694</u>
CASH (BANK INDEBTEDNESS), END OF YEAR	\$ 3,738,125	<u>\$ (316,518)</u>

TOWN OF HIGH LEVEL
CONSOLIDATED SCHEDULE OF EQUITY IN CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 1

	<u>2022</u>	<u>2021</u> (Restated) (Note 21)
BALANCE, BEGINNING OF YEAR	\$104,167,337	\$105,694,286
Purchase of tangible capital assets	5,402,053	7,188,876
Work in progress adjustment	(330,461)	(2,905,773)
Amortization of Tangible Capital Assets	(5,591,649)	(5,602,868)
Long-term Debt acquired	-	(710,000)
Long-term Debt Repayments	<u>427,387</u>	<u>502,816</u>
BALANCE, END OF YEAR	<u>\$104,074,667</u>	<u>\$104,167,337</u>

Equity in Tangible Capital Assets is Comprised of the Following:

Tangible capital assets (net book value)	\$106,334,110	\$106,854,167
Capital long-term debt	<u>(2,259,443)</u>	<u>(2,686,830)</u>
	<u>\$104,074,667</u>	<u>\$104,167,337</u>

TOWN OF HIGH LEVEL
CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 2

	2022 (Budget) (Note 18)	2022 (Actual)	2021 (Actual) (Restated) (Note 21)
TAXATION			
Real property taxes	\$ 6,932,367	\$ 7,526,705	\$ 5,980,516
Linear property taxes	261,411	262,237	235,317
Government grants in place of property taxes	<u>120,528</u>	<u>120,638</u>	<u>115,281</u>
	<u>7,314,306</u>	<u>7,909,580</u>	<u>6,331,114</u>
REQUISITIONS			
Alberta School Foundation Fund	1,275,644	1,275,644	1,174,854
Seniors Lodge	165,585	165,585	161,948
Designated Industrial Property	<u>9,480</u>	<u>9,555</u>	<u>6,943</u>
	<u>1,450,709</u>	<u>1,450,784</u>	<u>1,343,745</u>
NET MUNICIPAL TAXES	\$ <u>5,863,597</u>	\$ <u>6,458,796</u>	\$ <u>4,987,369</u>

TOWN OF HIGH LEVEL**SCHEDULE 3****CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u> (Budget) (Note 18)	<u>2022</u> (Actual)	<u>2021</u> (Actual) (Restated) (Note 21)
TRANSFERS FOR OPERATING			
Local governments	\$ 1,000,000	\$ 1,030,410	\$ 1,025,015
Provincial government	887,816	74,533	1,191,049
Federal government	<u>83,250</u>	<u>493,000</u>	<u>208,261</u>
	<u>1,971,066</u>	<u>1,597,943</u>	<u>2,424,325</u>
TRANSFERS FOR CAPITAL			
Local government	-	-	268,798
Provincial government	-	1,259,886	2,153,969
Federal government	<u>-</u>	<u>698,782</u>	<u>34,673</u>
	<u>-</u>	<u>1,958,668</u>	<u>2,457,440</u>
TOTAL GOVERNMENT TRANSFERS	\$ 1,971,066	\$ 3,556,611	\$ 4,881,765

TOWN OF HIGH LEVEL
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURES
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 4

	<u>General Government</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Utility Services</u>	<u>Recreation & Culture</u>	<u>Planning & Development</u>	<u>2022 Total</u>	<u>2021 Total (Restated) (Note 21)</u>
REVENUE								
Taxation	\$ 6,458,796	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,458,796	\$ 4,987,370
User fees and sales of goods	1,841,057	74,610	536,970	2,724,315	297,917	37,406	5,512,275	5,368,905
Government transfers	269,051	546,657	1,381,482	-	1,359,421	-	3,556,611	4,881,765
All other	<u>150,931</u>	<u>96,664</u>	<u>14,784</u>	<u>40,076</u>	<u>31,780</u>	<u>38,114</u>	<u>372,349</u>	<u>542,032</u>
	<u>8,719,835</u>	<u>717,931</u>	<u>1,933,236</u>	<u>2,764,391</u>	<u>1,689,118</u>	<u>75,520</u>	<u>15,900,031</u>	<u>15,780,072</u>
EXPENSES								
Salaries, wages, and benefits	1,379,441	795,686	1,253,644	601,144	1,447,107	254,191	5,731,213	5,474,531
Contracted and general services	1,008,527	350,819	288,467	361,613	205,272	174,049	2,388,747	2,330,575
Materials, goods and utilities	325,196	406,608	951,051	861,362	487,066	2,134	3,033,417	2,480,528
Transfers to local agencies	4,600	58,013	-	-	201,168	42,978	306,759	432,715
Provision for allowances	(527)	-	-	12,819	-	-	12,292	87,481
Bank charges and interest	23,798	-	-	-	595	-	24,393	20,339
Interest on long-term debt	-	2,038	12,622	76,514	6,209	-	97,383	97,665
Insurance	86,668	25,278	63,680	34,899	47,107	305	257,937	248,626
Amortization	<u>194,237</u>	<u>316,738</u>	<u>2,935,625</u>	<u>1,454,514</u>	<u>673,790</u>	<u>16,746</u>	<u>5,591,650</u>	<u>5,602,868</u>
	<u>3,021,940</u>	<u>1,955,180</u>	<u>5,505,089</u>	<u>3,402,865</u>	<u>3,068,314</u>	<u>490,403</u>	<u>17,443,791</u>	<u>16,775,328</u>
NET REVENUE (DEFICIT)	\$ 5,697,895	\$ (1,237,249)	\$ (3,571,853)	\$ (638,474)	\$ (1,379,196)	\$ (414,883)	\$ (1,543,760)	\$ (995,256)

TOWN OF HIGH LEVEL
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE 5

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>Work in Progress</u>	2022	2021
COST:									
Balance, Beginning of Year	\$ 5,635,616	\$ 12,177,360	\$ 21,588,317	\$ 157,433,273	\$ 10,083,309	\$ 6,026,883	\$ 1,306,617	\$214,251,375	\$209,968,272
Additions	280,000	305,765	1,203,135	1,074,580	395,641	128,494	2,014,438	5,402,053	7,188,876
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(330,461)</u>	(330,461)	<u>(2,905,773)</u>
Balance, End of Year	<u>5,915,616</u>	<u>12,483,125</u>	<u>22,791,452</u>	<u>158,507,853</u>	<u>10,478,950</u>	<u>6,155,377</u>	<u>2,990,594</u>	219,322,967	<u>214,251,375</u>
ACCUMULATED AMORTIZATION:									
Balance, Beginning of Year	-	5,852,636	10,160,669	82,961,207	6,013,219	2,409,477	-	107,397,208	101,794,340
Amortization expense	<u>-</u>	<u>738,901</u>	<u>874,127</u>	<u>3,138,168</u>	<u>511,309</u>	<u>329,144</u>	<u>-</u>	5,591,649	<u>5,602,868</u>
Balance, End of Year	<u>-</u>	<u>6,591,537</u>	<u>11,034,796</u>	<u>86,099,375</u>	<u>6,524,528</u>	<u>2,738,621</u>	<u>-</u>	112,988,857	<u>107,397,208</u>
NET BOOK VALUE	\$ 5,915,616	\$ 5,891,588	\$ 11,756,656	\$ 72,408,478	\$ 3,954,422	\$ 3,416,756	\$ 2,990,594	\$106,334,110	\$106,854,167

TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. NATURE OF ORGANIZATION

The Province of Alberta passed Order in Council 967/65 incorporating the New Town of High Level on June 1, 1965. The name was changed to the Town of High Level (the "Town") with the passing of the Order in Council 750/83 on August 31, 1983. The Town is governed by the Municipal Government Act of the Province of Alberta.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of High Level (the "Town") are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS"). Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting entity

i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses, changes in net financial position and cash flows 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 Council for the administration of their financial affairs and resources. Included with the financial statements of the Town and the High Level Municipal Library.

ii) Accounting for housing management bodies and school board transactions

Taxes levied include requisitions for the Alberta School Fund Foundation (ASFF) and the Mackenzie Housing Seniors Lodge. The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the ASFF and Mackenzie Housing Seniors Lodge are not reflected in these consolidated financial statements.

iii) Trust funds

Trust funds and their related operations administered by the Town are not included in these consolidated financial statements.

(b) Basis of accounting

The consolidated 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.

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues are reliably measured and reasonably estimated. 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, regular 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 fees are collected for which the related services have yet to be performed. Revenues are recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Expenses are recognized in the period the goods or services are acquired and a liability is incurred or transfers are due.

(CONT'D)

TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Use of estimates

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

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, landfill closure and post-closure costs are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the financial statements.

(d) Cash

Cash and cash equivalents consist of cash on deposit with original maturities of 90 days or less at the date of acquisition and are recorded at cost.

(e) Investments

Investments are recorded at the lower of original cost and market value. When there has been a loss in value that is other than a temporary decline, the investment is written down to recognize the loss.

(f) Local Improvements

When a service or improvement is deemed to benefit a specific area more than the municipality as a whole, the project may be classified as a local improvement under the *Municipal Government Act*, to be paid in whole or in part by a tax imposed on the benefiting property owners. The property owner's share of the improvements is recognized as revenue, and established as a receivable, in the period that the project expenditures are completed.

(g) Landfill closure and post-closure liability

Pursuant to the *Alberta Environmental Protection and Enforcement 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 remaining life of the landfill sites based on usage.

The annual provision is reported as an operating expense in solid waste and recycling services and the accumulated provision is reported as a liability on the Statement of Financial Position.

(CONT'D)

TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Tax Revenue

Property tax revenue is based on market value assessments determined in accordance with the *Municipal Government Act*. Tax rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. These levies are collectible from property owners for work performed by the Town. Under the accrual basis of accounting, revenues to be received from local improvement assessments are recognized in full in the period the local improvement project costs are incurred and the passing of the related imposition by-law.

(i) 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 are 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.

(j) 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 change in net financial assets for the year.

(k) Land Held 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.

(CONT'D)

TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Contributed assets are capitalized and are recorded at their estimated fair value upon acquisition and are also recorded as revenue. Construction in progress represents assets which are not available for productive use and therefore are not subject to amortization. The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Land improvements	15 - 45
Buildings	15 - 50
Engineered structures	20 - 50
Machinery and equipment	5 - 15
Vehicles	10 - 25

The amortization in the year of acquisition is charged at one half the normal annual rate and no amortization is charged in the year of disposal.

Inventory

Inventory held for consumption is valued at the lower of cost or replacement cost, with cost determined by the average cost method.

(l) 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.

(m) Inventories of supplies

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost, with cost determined on an average cost basis.

(n) 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, bond and mortgage debts, long-term capital borrowing, capital leases or other capital liabilities.

TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

3. CASH

	<u>2022</u>	<u>2021</u>
Operating cash (bank indebtedness)	\$ 3,735,080	\$ (318,723)
Cash on hand	<u>3,045</u>	<u>2,205</u>
	<u><u>\$ 3,738,125</u></u>	<u><u>\$ (316,518)</u></u>

The Town has access to an operating line of credit up to \$3,000,000 (2021 - \$3,000,000). As at December 31, 2022, \$Nil was drawn against this facility (2021 - \$318,723). The operating line of credit is secured by borrowing bylaws. Outstanding amounts bearing interest at the bank's prime lending rate plus 0.5% per annum.

4. ASSETS HELD IN TRUST

Cash held in trust are surplus from operations of the Alberta Northwest Species at Risk Committee.

5. ACCOUNTS RECEIVABLES

	<u>2022</u>	<u>2021</u>
		(Restated) (Note 21)
Trade and other accounts receivable	\$ 727,383	\$ 1,157,850
Taxes and grants in place of taxes	<u>321,126</u>	243,505
Goods and services tax payable	<u>1,929</u>	-
Receivables from governments	<u>1,081,954</u>	5,278,610
Local improvements payable	<u>(273)</u>	-
Less: Allowance for doubtful accounts	<u>(30,931)</u>	<u>(18,565)</u>
	<u><u>\$ 2,101,188</u></u>	<u><u>\$ 6,661,400</u></u>

Taxes and grants in place of taxes consist of the following:

Current taxes	\$ 238,845	\$ 116,257
Arrears	<u>82,281</u>	<u>127,248</u>
	<u><u>\$ 321,126</u></u>	<u><u>\$ 243,505</u></u>

6. INVESTMENTS

	<u>2022</u>		<u>2021</u>	
	<u>Amortized Cost</u>	<u>Market Value</u>	<u>Amortized Cost</u>	<u>Market Value</u>
Short-term notes and deposits	\$ 622,823	\$ 621,677	\$ 2,127,328	\$ 2,291,223
Canadian fixed income	<u>5,055,210</u>	<u>4,785,437</u>	<u>1,201,325</u>	<u>1,183,554</u>
Principal protected notes	<u>1,258,500</u>	<u>1,195,541</u>	<u>1,165,800</u>	<u>1,211,115</u>
	<u><u>\$ 6,936,533</u></u>	<u><u>\$ 6,602,655</u></u>	<u><u>4,494,453</u></u>	<u><u>4,685,892</u></u>

Short-term notes and deposits mature in less than one year. Canadian fixed income investments have effective interest rates of 1.67% to 4.86% (2021 - 2.58% to 3.22%) with maturity dates from July 3, 2024 to July 7, 2031. Principal protected notes have maturity dates from September 15, 2031 to June 3, 2032.

TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Trade and other payables	\$ 1,308,025	\$ 1,165,413
Wages payable	469,443	372,590
Government remittances payable	57,687	118,930
Accrued interest on long-term debt	<u>29,793</u>	<u>35,176</u>
	<u><u>\$ 1,864,948</u></u>	<u><u>\$ 1,692,109</u></u>
Wages and benefits payable consist of the following:		
Earned vacation	\$ 346,843	\$ 255,562
Accrued salaries and wages	<u>122,600</u>	<u>\$ 117,028</u>
	<u><u>\$ 469,443</u></u>	<u><u>\$ 372,590</u></u>

8. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts, which have been received from various third parties and are restricted to the eligible operating and capital projects as approved in the funding agreements for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2021</u>	<u>Additions</u>	<u>Revenue</u>	<u>2022</u>
	<u>2021</u>	<u>Recognized</u>	<u>2022</u>	
Municipal Sustainability Initiative Capital	\$ -	\$ 1,062,594	\$ (767,783)	\$ 294,811
Alberta Transportation Grant	767,112	332,888	(1,100,000)	-
Federal Gas Tax Fund	447,322	673,979	(662,628)	458,673
Municipal Stimulus Program	856	-	-	856
Burner Variance Grant	-	2,692,019	(30,104)	2,661,915
PrairiesCan Grant	-	750,000	(750,000)	-
ACAP Grant	-	341,748	-	341,748
Strategic Transportation Infrastructure	-	190,000	(36,154)	153,846
Prepaid Deposits, Utilities, and Taxes	103,834	332,045	-	435,879
Wildlife Urban Interface	90,779	505,294	(454,670)	141,403
Other - Operating	<u>304,675</u>	<u>60,000</u>	<u>(44,757)</u>	<u>319,918</u>
	<u><u>\$ 1,714,578</u></u>	<u><u>\$ 6,940,567</u></u>	<u><u>\$ (3,846,096)</u></u>	<u><u>\$ 4,809,049</u></u>

TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

9. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Government of Alberta debenture debt	<u>\$ 2,259,443</u>	<u>\$ 2,686,830</u>

Debenture debt is issued on the credit and security of the Town at large, bears interest at rates ranging from 1.597% to 5.750% per annum and matures in years 2022 through 2029.

The Town's cash payments for interest in 2022 were \$103,520 (2021 - \$102,657).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 447,105	\$ 83,801	\$ 530,906
2024	183,306	63,498	246,804
2025	189,884	56,920	246,804
2026	196,704	50,100	246,804
2027	203,776	43,028	246,804
Thereafter	<u>1,038,668</u>	<u>105,923</u>	<u>1,144,591</u>
	<u><u>\$ 2,259,443</u></u>	<u><u>\$ 403,270</u></u>	<u><u>\$ 2,662,713</u></u>

10. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance.

The Town owns two landfills that are within 500 meters of each other. The first landfill was created and initially owned by the Province (being represented by the Department of Municipal Affairs) and was transferred to the Town in 1996. The second landfill was land owned by the Town and approved for a landfill site in 1967. During the mid-1980s, both landfills were no longer accepting waste and were closed. The Town has since begun utilizing the services of Mackenzie Regional Waste Management Commission's landfill operations.

In 2020, an engineering firm estimated the Town's closure costs to be \$3,345,000 with yearly post-closure monitoring costs of \$36,000 for the next 25 years associated with a final post-closure date of 2044. The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years using a discount rate of 2.71% and assuming an annual inflation rate of 3.2%. The change in the Town's accrued liability resulted from a change in Administration's intended use for the land.

	<u>2022</u>	<u>2021</u>
Estimated closure costs	\$ 3,345,000	\$ 3,345,000
Estimated post-closure costs	<u>1,033,419</u>	<u>870,959</u>
Estimated total costs	<u><u>4,378,419</u></u>	<u><u>4,215,959</u></u>

TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

11. 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:

	<u>2022</u>	<u>2021</u>
Total debt limit	\$ 20,778,464	\$ 19,983,948
Total debt	<u>(2,259,443)</u>	<u>(2,686,830)</u>
Amount of debt limit unused	<u>\$ 18,519,021</u>	<u>\$ 17,297,118</u>
Service on debt limit	\$ 3,463,077	\$ 3,330,658
Service on debt (<i>Note 9</i>)	<u>(606,336)</u>	<u>(599,870)</u>
Amount of service on debt limit unused	<u>\$ 2,856,741</u>	<u>\$ 2,730,788</u>

The debt limit is calculated at 1.5 times revenue of the Town (as defined in *Alberta Regulation 255/00*) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits 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 Town. Rather, the financial statements must be interpreted as a whole.

12. FINANCIAL INSTRUMENTS

(a) Credit risk

The Town is subject to credit risk with respect to taxes and grants in lieu 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.

(b) Fair value

The Town's carrying value of cash, taxes and grants in lieu of taxes receivable, trade and other receivables, investments, and accounts payable and accrued liabilities approximates its fair value due to the immediate or short-term maturity of these instruments.

The carrying value of agreement receivable and long-term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Town for notes receivable and debt with similar terms.

(c) Currency risk

Currency risk is the risk to the Town's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. It is management's opinion that the Town is not exposed to significant interest or currency risk arising from these financial instruments.

TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

13. SALARY AND BENEFITS DISCLOSURE

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

	<u>Salary</u>	<u>Benefits and Allowances</u>	<u>Total 2022</u>	<u>Total 2021</u>
Mayor - McAteer	35,319	65	35,384	32,565
Deputy Mayor - Langford	23,409	65	23,474	21,215
Councillor - Anderson	18,425	65	18,490	13,665
Councillor - Jessiman	15,397	65	15,462	14,915
Councillor - Welke	14,581	65	14,646	14,915
Councillor - Lambert	14,506	65	14,571	1,865
Councillor - Liboiron	1,871	65	1,936	1,865
Councillor - Forest	-	-	-	3,515
Councillor - Dwiyer	-	-	-	3,965
Councillor - Morgan	-	-	-	13,765
	\$ 123,508	\$ 455	\$ 123,963	\$ 120,385
Designated officers (2)	\$ 240,971	\$ 38,647	\$ 279,618	\$ 220,871
Chief Administrative Officer	\$ 225,117	\$ 25,952	\$ 251,069	\$ 221,455

Salary includes regular base pay, bonuses, lump sum payments, honoraria, and any other direct cash remuneration.

Benefits include the employer's share of employee benefits and contributions made on behalf of the employees including RSP contributions, health care, vision coverage, dental coverage, directors' liability, group life insurance, accidental disability and dismemberment insurance, and life insurance.

Benefits and allowance figures also include the employer's share of the costs of additional taxable benefits including special leave with pay and travel allowances.

TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

14. ACCUMULATED SURPLUS

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

	<u>2022</u>	<u>2021</u>
Unrestricted surplus (deficit)	\$ (2,288,170)	\$ 614,900
Restricted surplus		
Operating restricted surplus (Note 15)	2,519,023	1,272,702
Capital restricted surplus (Note 15)	1,867,385	1,657,568
Equity in tangible capital assets	<u>104,074,670</u>	<u>104,167,340</u>
	<u>\$106,172,908</u>	<u>\$107,712,510</u>

15. RESTRICTED SURPLUS

	<u>2022</u>	<u>2021</u>
OPERATING RESTRICTED SURPLUS		
General reserve	2,519,023	1,272,702
CAPITAL RESTRICTED SURPLUS		
Fire equipment	\$ (51,608)	\$ (91,608)
Future development	62,944	62,944
Airport	72,000	-
Municipal recreation	37,295	37,295
Offsite levy	128,063	128,063
Parking lot	38,448	38,448
Tourism improvement fee	467,729	567,729
Utilities	<u>1,112,514</u>	<u>914,697</u>
	<u>1,867,385</u>	<u>1,657,568</u>
TOTAL RESTRICTED RESERVES	<u>4,386,408</u>	<u>2,930,270</u>

16. FRANCHISE AGREEMENTS

Disclosure of utility franchise agreement annual revenues as required by Alberta Regulation 313/2000 is as follows

	<u>2022</u>	<u>2021</u>
AltaGas Utilities	\$ 815,039	\$ 779,426
ATCO Electric	<u>1,017,377</u>	<u>867,547</u>
	<u>\$ 1,832,416</u>	<u>\$ 1,646,973</u>

TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

17. SEGMENTED INFORMATION

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 4). Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide are as follows:

- (a) *General Government*
General Government is comprised of Council and Administration. General Government is responsible for making decisions regarding service delivery and service levels on behalf of the Town in order to balance the needs and wants of Town residents in a financially responsible manner.
- (b) *Protective Services*
Department includes fire and community peace officer. The Fire Department is responsible to provide fire suppression services, fire prevention programs, motor vehicle accident response training, and education related prevention. Town peace officers enforce the Town's by-laws and some provincial statutes.
- (c) *Transportation Services*
Operations Department is responsible for the delivery of municipal public works services related to transportation; including maintenance of roadway pedestrian systems, the High Level Airport and the maintenance of parks and open spaces.
- (d) *Utility Services*
Operations Department is responsible for environmental programs such as the engineering and operation of water and wastewater systems and solid waste collection disposal and recycling.
- (e) *Recreation and Culture*
Department provides public services that sustain and support individuals, families, and communities. This includes programs run through Family and Community Support Services, the R.E. Walter Memorial Aquatics Center, High Level Sports Complex, recreation programs, and the Town's outdoor baseball diamonds, playgrounds, and parks. The Town operates and maintains the Museum and Visitor's Centre and supports the Library.
- (f) *Planning and Development*
Department manages all aspects of land use planning including long range forecasting and planning, processing development permits, and compliance certificates. The department is also responsible for corporate mapping functions.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segments' budgeted net expenditure. User charges and other revenue are allocated to the segments based upon the segment that generated the revenue. Government transfers are allocated to segments based upon the purpose for which the transfers were made. Development levies earned and developer contributions received are allocated to the segment for which the charge was collected.

TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

18. BUDGET DATA

The budget data presented in these financial statements are based upon the 2021 operating and capital budgets approved by Council on April 30, 2021.

The table below reconciles the approved budget to the budgeted figures reported in these financial statements.

	Budget 2022	Actual 2022	Actual 2021
Excess (Deficiency) of Revenue over Expenses, per financial statements	\$ 1,347,806	\$ (1,543,760)	\$ (995,256)
Add back:			
Amortization expense	-	5,591,649	5,602,868
Net transfers (to) from reserves	402,547	314,545	154,907
	<u>402,547</u>	<u>5,906,194</u>	<u>5,757,775</u>
Deduct:			
Gain on disposal of investments	-	89,054	-
Principal debt repayments	484,112	427,387	466,220
Government transfers for capital	-	1,958,668	2,457,440
	<u>484,112</u>	<u>2,475,109</u>	<u>2,923,660</u>
Results of Operations as Budgeted	\$ 1,266,241	\$ 1,887,325	\$ 1,838,859

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by Council on May 13, 2024.

20. CONTINGENT LIABILITIES

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. There has been no change to the Town's contingent liability in 2022.

TOWN OF HIGH LEVEL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

21. PRIOR PERIOD ADJUSTMENT

During the 2022 fiscal year, it was discovered that deferred revenue related to grants were not appropriately recognized in accordance to Public Sector Accounting Standards. In addition, grants receivable by the Town were discovered that were not appropriately recognized. As a result, prior year comparative figures have been adjusted for these matters.

The 2021 comparative figures were adjusted as follows:

- Increase in accounts receivable by \$962,417;
- Increase in government transfers for operating by \$578,450;
- Increase in opening accumulated surplus by \$383,968;
- Decrease in deficit of revenues over expenses for 2021 by \$578,450;
- Increase in 2021 ending accumulated surplus by \$962,417