

# TOWN OF SYLVAN LAKE



Consolidated Financial Statements

Year Ended December 31, 2022

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

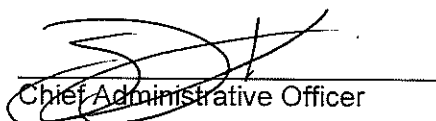
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The consolidated financial statements of the Town of Sylvan Lake have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

The integrity and reliability of the Town of Sylvan Lake's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Town Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Town Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited on behalf of Council by RSM Canada LLP, in accordance with Canadian generally accepted auditing standards.



Chief Administrative Officer

## **INDEPENDENT AUDITOR'S REPORT**

To the Town Council of Town of Sylvan Lake

### *Opinion*

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

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

### *Basis for Opinion*

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

### *Other Matter*

The consolidated financial statements of the Town for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on April 25, 2022.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 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 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 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 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 auditor's 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 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RSM Canada LLP

Chartered Professional Accountants  
May 1, 2023  
Red Deer County, Alberta

# TOWN OF SYLVAN LAKE

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December 31, 2022

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**TOWN OF SYLVAN LAKE**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2022**

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 10,199,919	\$ 11,629,600
Receivables		
Taxes and grants in place of taxes (Note 3)	672,884	1,174,559
Trade and other receivables (Note 3)	3,313,541	2,473,638
	<u>\$ 14,186,344</u>	<u>\$ 15,277,797</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 3,448,691	\$ 5,017,932
Employee benefit obligation (Note 4)	789,257	687,330
Deposit liabilities	663,113	458,191
Deferred revenue (Note 5)	1,281,692	1,439,828
Long-term debt (Note 6)	27,518,651	28,951,982
Liability for contaminated sites (Note 7)	4,922,786	4,949,792
	<u>38,624,190</u>	<u>41,505,055</u>
<b>NET DEBT</b>	<b>(24,437,846)</b>	<b>(26,227,258)</b>
<b>CONTINGENCIES</b> (Note 15)		
<b>COMMITMENTS</b> (Note 16)		
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	\$ 225,985,578	\$ 230,565,004
Inventory for consumption	840,446	662,926
Prepaid expenses	459,775	357,610
	<u>227,285,799</u>	<u>231,585,540</u>
<b>ACCUMULATED SURPLUS</b> (Schedule 1, Note 8)	<u><b>\$ 202,847,953</b></u>	<u><b>\$ 205,358,282</b></u>

**Approved by Council:**

\_\_\_\_\_ Mayor

\_\_\_\_\_ Chief Administrative Officer

**TOWN OF SYLVAN LAKE**  
**Consolidated Statement of Operations**  
**For the Year Ended December 31, 2022**

	Budget (Note 19)	2022	2021
<b>REVENUE</b>			
Net municipal taxes ( <i>Schedule 3</i> )	\$ 17,496,643	\$ 17,859,084	\$ 16,830,874
User fees and sales of goods	14,351,573	14,632,118	13,425,442
Government transfers for operating ( <i>Schedule 4</i> )	2,090,267	2,397,024	2,315,977
Franchise and concession contracts	2,669,000	2,690,305	2,379,361
Rentals and other	1,042,187	1,266,918	1,099,353
Licenses and permits	466,074	600,063	474,349
Investment income	180,000	333,601	101,360
Penalties and cost of taxes	347,000	451,952	444,712
Development levies	68,000	453,588	633,422
Fines and costs	308,100	362,080	296,774
	39,018,844	41,046,733	38,001,624
<b>EXPENSES</b>			
Amortization of tangible capital assets	8,155,000	9,168,253	8,944,097
Recreation, parks and culture	8,016,253	9,440,254	6,452,566
Protective services	5,749,067	5,582,717	5,071,801
Roads, streets, walks and lighting	5,294,349	7,926,567	5,395,983
Administration	3,374,748	3,773,151	3,542,909
Wastewater treatment and disposal	4,359,207	3,937,966	4,501,936
Solid waste management	1,516,290	1,548,005	1,615,468
Family and community support services ( <i>Note 14</i> )	1,859,393	1,680,390	1,898,302
Water supply and distribution	2,411,326	2,229,724	2,557,407
Planning and development	1,162,656	1,161,408	1,198,955
Legislative	481,741	439,298	377,178
	42,380,030	46,887,733	41,556,604
<b>DEFICIENCY OF REVENUES OVER EXPENSES - BEFORE OTHER</b>	(3,361,186)	(5,841,000)	(3,554,980)
<b>OTHER</b>			
Government transfers for capital ( <i>Schedule 4</i> )	-	3,336,795	8,605,441
Contributed tangible capital assets	-	-	2,166,181
Loss on disposal of tangible capital assets	-	(6,124)	(205,431)
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES</b>	(3,361,186)	(2,510,329)	7,011,211
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	205,358,282	205,358,282	198,347,071
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	\$ 201,997,097	\$ 202,847,953	\$ 205,358,282

**TOWN OF SYLVAN LAKE**  
**Consolidated Statement of Changes in Net Debt**  
**For the Year Ended December 31, 2022**

	Budget (Note 19)	2022	2021
<b>(DEFICIENCY) EXCESS OF REVENUE</b>			
<b>OVER EXPENSES</b>	<b>\$ (3,361,186)</b>	<b>\$ (2,510,329)</b>	<b>\$ 7,011,211</b>
Acquisition of tangible capital assets	(20,327,807)	<b>(5,125,221)</b>	(14,378,391)
Contributed assets	-	-	(2,166,181)
Proceeds on disposal of tangible capital assets	-	<b>530,270</b>	234,530
Amortization of tangible capital assets	8,155,000	<b>9,168,253</b>	8,944,098
Loss on disposal of tangible assets	-	<b>6,124</b>	205,431
	<u>(12,172,807)</u>	<u><b>4,579,426</b></u>	<u>(7,160,513)</u>
Change in supplies inventory	-	<b>(177,520)</b>	(194,123)
Change in prepaid assets	-	<b>(102,165)</b>	(42,922)
	<u>-</u>	<u><b>(279,685)</b></u>	<u>(237,045)</u>
<b>DECREASE (INCREASE) IN NET DEBT</b>	<b>(15,533,993)</b>	<b>1,789,412</b>	<b>(386,347)</b>
<b>NET DEBT, BEGINNING OF YEAR</b>	<b>-</b>	<b>(26,227,258)</b>	<b>(25,840,911)</b>
<b>NET DEBT, END OF YEAR</b>	<b>\$ (15,533,993)</b>	<b>\$ (24,437,846)</b>	<b>\$ (26,227,258)</b>



**TOWN OF SYLVAN LAKE**  
**Consolidated Statement of Cash Flow**  
**For the Year Ended December 31, 2022**

	2022	2021
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
(Deficiency) excess of revenue over expenses	\$ (2,510,329)	\$ 7,011,211
Non-cash items included in (deficiency) excess of revenue over expenses:		
Amortization of tangible capital assets	9,168,253	8,944,098
Loss on disposal of tangible capital assets	6,124	205,431
Contributed tangible capital assets	-	(2,166,181)
Change in contaminated sites liability	-	950,881
Non-cash charges to operations (net change)		
Decrease (increase) in taxes and accounts receivable	(338,228)	2,240,074
Decrease (increase) in inventory for consumption	(177,520)	(194,123)
Decrease (increase) in prepaid expenses	(102,165)	(42,922)
Increase (decrease) in accounts payable and accrued liabilities	(1,569,241)	(626,891)
Increase (decrease) in employee benefit obligation	101,927	(13,902)
Increase (decrease) in deferred revenue	(158,136)	229,682
Increase (decrease) in deposit liabilities	204,922	(183,470)
Increase in asset retirement obligation	(27,006)	(99,442)
Cash provided by operating transactions	4,598,601	16,254,446
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(5,125,221)	(14,378,391)
Proceeds on disposal of tangible capital assets	530,270	234,530
Cash applied to capital transactions	(4,594,951)	(14,143,861)
<b>INVESTING</b>		
Change in restricted cash balances	(46,786)	(1,603,601)
<b>FINANCING</b>		
Long-term debt repaid	(1,433,331)	(1,382,438)
<b>(DECREASE) INCREASE IN CASH AND EQUIVALENTS</b>	(1,476,467)	681,935
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	9,731,581	9,049,646
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 8,255,114	\$ 9,731,581
<b>Cash and cash equivalents is comprised of:</b>		
Cash and cash equivalents	\$ 10,199,919	\$ 11,629,600
Less: Restricted (Note 2)	(1,944,805)	(1,898,019)
	\$ 8,255,114	\$ 9,731,581

Included in (deficiency) excess of revenue over expenses is \$333,601 (2021- \$101,360) interest received and \$891,928 (2021 - \$942,947) interest paid.

**TOWN OF SYLVAN LAKE**  
**Consolidated Statement of Changes in Accumulated Surplus**  
**For the Year Ended December 31, 2022**

*(Schedule 1)*

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 3,737,153	\$ 8,107	\$ 201,613,022	<b>\$ 205,358,282</b>	\$ 198,347,071
(Deficiency) excess of revenues over expenses	(2,510,329)	-	-	<b>(2,510,329)</b>	7,011,211
Unrestricted funds designated for future use	(9,665,283)	9,665,283	-	-	-
Restricted funds used for operations	3,202,600	(3,202,600)	-	-	-
Restricted funds used for tangible capital assets	-	(5,016,139)	5,016,139	-	-
Current year funds used for tangible capital assets	541,262	-	(541,262)	-	-
Disposal of tangible capital assets (at net book value)	536,394	-	(536,394)	-	-
Annual amortization expense	9,168,253	-	(9,168,253)	-	-
Long-term debt repaid	(1,433,331)	-	1,433,331	-	-
Change in accumulated surplus	(160,434)	1,446,544	(3,796,439)	<b>(2,510,329)</b>	7,011,211
<b>BALANCE, END OF YEAR</b>	<b>\$ 3,576,719</b>	<b>\$ 1,454,651</b>	<b>\$ 197,816,583</b>	<b>\$ 202,847,953</b>	<b>\$ 205,358,282</b>

**TOWN OF SYLVAN LAKE**  
**Consolidated Schedule of Tangible Capital Assets (Schedule 2)**  
**For the Year Ended December 31, 2022**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2022	2021
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 16,036,579	\$ 25,397,938	\$ 76,715,080	\$ 199,053,391	\$ 6,630,789	\$ 8,179,474	\$ 332,013,251	\$ 316,807,066
Acquisition of tangible capital assets	-	1,868,641	774,168	4,761,525	320,706	502,923	8,227,963	21,492,369
Assets under construction - prior year	-	(3,492,941)	(139,839)	(1,849,461)	(24,962)	-	(5,507,203)	(10,455,003)
Assets under construction - current year	-	181,619	-	2,024,742	191,676	6,424	2,404,461	5,507,203
Disposal of tangible capital assets	-	-	(450,000)	(537,895)	(59,966)	(430,708)	(1,478,569)	(1,338,384)
<b>BALANCE, END OF YEAR</b>	<b>16,036,579</b>	<b>23,955,257</b>	<b>76,899,409</b>	<b>203,452,302</b>	<b>7,058,243</b>	<b>8,258,113</b>	<b>335,659,903</b>	<b>332,013,251</b>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR		7,388,160	12,311,701	71,648,630	3,824,443	6,275,313	101,448,247	93,402,572
Annual amortization		1,143,922	1,500,270	5,348,681	545,934	629,446	9,168,253	8,944,098
Accumulated amortization of disposals		-	-	(510,147)	(21,108)	(410,920)	(942,175)	(898,423)
<b>BALANCE, END OF YEAR</b>		<b>8,532,082</b>	<b>13,811,971</b>	<b>76,487,164</b>	<b>2,708,974</b>	<b>6,493,839</b>	<b>109,674,325</b>	<b>101,448,247</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 16,036,579</b>	<b>\$ 15,423,175</b>	<b>\$ 63,087,438</b>	<b>\$ 126,965,138</b>	<b>\$ 2,667,119</b>	<b>\$ 1,764,274</b>	<b>\$ 225,985,578</b>	<b>\$ 230,565,004</b>
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 16,036,579	\$ 18,009,778	\$ 64,403,379	\$ 127,404,761	\$ 2,806,346	\$ 1,904,161	\$ 230,565,004	

**TOWN OF SYLVAN LAKE**  
**Consolidated Schedule of Property and Other Taxes** *(Schedule 3)*  
**For the Year Ended December 31, 2022**

	Budget (Note 19)	2022	2021
<b>TAXATION</b>			
Real property taxes	\$ 24,521,087	\$ 24,792,331	\$ 23,538,967
Linear property taxes	250,000	354,712	337,163
Government grants in place of property taxes	3,700	5,509	5,353
	24,774,787	25,152,552	23,881,483
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	6,409,401	6,445,106	6,185,366
Red Deer Catholic Regional Division No. 39	550,223	528,002	551,431
Sylvan Lake Lodge	316,680	316,680	312,000
Designated Industrial Property	1,840	3,680	1,812
	7,278,144	7,293,468	7,050,609
<b>NET MUNICIPAL TAXES</b>	\$ 17,496,643	\$ 17,859,084	\$ 16,830,874

**TOWN OF SYLVAN LAKE**  
**Schedule of Government Transfers**  
**December 31, 2022**

**(Schedule 4)**

	Budget (Note 19)	2022	2021
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	\$ 1,517,485	\$ 1,558,558	\$ 1,641,939
Other Local Governments	572,782	838,466	674,038
	2,090,267	2,397,024	2,315,977
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	-	3,336,795	6,850,951
Other Local Governments	-	-	1,754,490
	-	3,336,795	8,605,441
<b>TOTAL GOVERNMENT TRANSFERS</b>	\$ 2,090,267	\$ 5,733,819	\$ 10,921,418

**TOWN OF SYLVAN LAKE**  
**Consolidated Schedule of Expenses by Object**  
**December 31, 2022**

**(Schedule 5)**

	Budget (Note 19)	2022	2021
<b>EXPENDITURES</b>			
Salaries, wages and benefits	\$ 15,339,494	\$ <b>15,486,337</b>	\$ 14,707,153
Contracted and general services	10,539,000	<b>13,555,510</b>	11,001,829
Amortization of tangible capital assets	8,155,000	<b>9,168,253</b>	8,944,098
Materials, goods, supplies and utilities	4,358,746	<b>4,863,419</b>	3,629,818
Purchases from other governments	2,543,868	<b>2,291,176</b>	2,201,589
Interest on long-term debt	907,955	<b>891,328</b>	942,948
Transfers to individuals and organizations	451,260	<b>530,594</b>	71,196
Other expenditures	51,173	<b>48,001</b>	24,632
Bank charges and short-term interest	33,534	<b>47,192</b>	33,341
	<u>\$ 42,380,030</u>	<u>\$ <b>46,887,733</b></u>	<u>\$ 41,556,604</u>

**TOWN OF SYLVAN LAKE**  
**Consolidated Schedule of Segmented**  
**Disclosures**  
**(Schedule 6)**  
**For the Year Ended December 31, 2022**

	General Government	Family & Community Support Services	Recreation, Parks & Culture	Protective Services	Planning & Development	Public Works	Environment & Recycling	Water, Waste & Sewer	2022	2021
<b>Revenue</b>										
Net municipal taxes	(4,426,851)	650,160	8,707,410	4,530,777	403,799	7,993,789	-	-	17,859,084	16,830,875
User fees and sales of goods	114,502	50,185	1,276,811	607,597	176,515	104,968	2,065,621	10,235,919	14,632,118	13,425,443
Development levies					4,878	241,712	1,929	205,069	453,588	633,422
Franchise and concession contracts	2,679,785		10,520						2,690,305	2,379,362
Government transfers for operating		980,045	826,237	540,742			50,000		2,397,024	2,315,977
Government transfers for capital			95,157			3,241,638			3,336,795	10,771,622
Licenses and permits			2,765	54,326	542,972				600,063	474,347
Rentals and other			1,149,675	84,000	33,243				1,266,918	1,099,352
Investment income	333,601								333,601	101,360
Fines and costs				362,080					362,080	296,774
Penalties and cost of taxes	359,110							92,842	451,952	444,712
	(939,853)	1,680,390	12,068,575	6,179,522	1,161,407	11,582,107	2,117,550	10,533,830	44,383,528	48,773,246
<b>Expenses</b>										
Salaries, wages and benefits	2,726,809	1,467,079	4,683,872	1,924,646	932,130	1,768,176	627,821	1,355,804	15,486,337	14,707,153
Contracted and general services	1,112,877	113,476	1,939,980	734,488	167,304	3,987,255	1,294,974	4,211,080	13,561,434	11,001,829
Materials, goods, supplies and utilities	143,066	99,835	2,050,384	320,655	50,934	1,720,738	75,608	402,199	4,863,419	3,629,818
Purchases from other governments				2,291,176					2,291,176	2,201,589
Interest on long-term debt			408,133	288,647				194,548	891,328	942,948
Transfers to individuals and organizations	14,164		506,873	9,557					530,594	71,196
Bank charges and short-term interest	7,994		25,185	14,012					47,191	33,341
Amortization	162,946		2,489,148	578,331		4,113,106	488,781	1,335,941	9,168,253	8,944,098
Loss on sale of tangible capital assets	86,000		(43,794)	(705)		(7,168)	(35,359)	7,150	6,124	205,431
Other expenditures	5,393		8,794	18,715	11,039			4,060	48,001	24,632
	4,259,249	1,680,390	12,068,575	6,179,522	1,161,407	11,582,107	2,451,825	7,510,782	46,893,857	41,762,035
<b>(Deficiency) excess of revenue over expenses</b>	<b>(5,199,102)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(334,275)</b>	<b>3,023,048</b>	<b>(2,510,329)</b>	<b>7,011,211</b>

**TOWN OF SYLVAN LAKE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Sylvan Lake are the representations of management prepared in accordance with Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town of Sylvan Lake are as follows:

Reporting Entity

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

Family and Community Support Services	Town of Sylvan Lake Recreational Department
Town of Sylvan Lake Fire Department	Town of Sylvan Lake Waterworks System
Town of Sylvan Lake Library Board	

The schedule of taxes levied also includes operating requisitions for educational, 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.

Property tax revenue is based on market value assessments determined in accordance with the Municipal Government Act (MGA). Tax mill rates are established annually. Taxation revenues are recorded at the time the tax billings are issued. Assessments are subject to appeal. Losses on assessment appeals are recorded as adjustments to tax revenues and receivables when a written decision is received from the authorized board. Requisitions operate as a flow through and are excluded from municipal revenue.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Certain user charges and fees are collected for which the related services have yet to be performed.

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the municipality has met any eligibility criteria, and reasonable estimates of the amounts can be made. Revenue is recognized in the period when the related expense are incurred, the services are performed or the tangible capital assets are acquired.

*(continued)*

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**TOWN OF SYLVAN LAKE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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

Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards which 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 revenues and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Significant areas requiring the use of estimates include allowance for doubtful accounts, useful lives of tangible capital assets and liability for contaminate sites. Actual results could differ from those estimates.

Cash and cash equivalents

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents. Restricted cash comprises of deferred revenue and deposit liability amounts received from the Government of Canada and the Province of Alberta as conditional grants held exclusively for future projects.

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.

Deferred Revenue

Deferred revenues represent government transfers, donations, and other fees which have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met.

Reserves

Certain amounts, as approved by Town Council, are set aside in accumulated surplus for future operating and capital purposes. Transfers to or from reserved are adjustments to the respective fund when approved.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially the entire 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.

Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to the remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded at net of any expected recoveries.

Employee Benefit Obligations

The cost of employment benefits, pension benefits, compensated absences and termination benefits are recorded as an expense at the time giving rise to the obligation occurs.

**TOWN OF SYLVAN LAKE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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**1. 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 sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Debt for the year.

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. The cost, less residual value, of the tangible capital assets is amortized on a straight-line or declining balance basis over the estimated useful life as follows:

Land	10-45	years
improvements	25-50	years
Buildings		
Engineered	45-75	years
Structures:		
Water System		
Wastewater System	45-75	years
Other Engineered	5-75	years
Structures		
Machinery and equipment	20%	declining balance method
Vehicles	30%	declining balance method

The Town regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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

Contribution of Tangible Capital Assets

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

Inventories for consumption

Inventories of materials and supplies for consumption are valued at the lower of cost or net realizable value with cost determined by the first in, first out cost method.

Cultural and Historical Capital Assets

Cultural and historical assets are not recorded in these financial statements.

Prepaid Expenses

Expenses paid in advance where services have not been performed or materials have not been received.

**TOWN OF SYLVAN LAKE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

**2. CASH AND CASH EQUIVALENTS**

	<u>2022</u>	<u>2021</u>
Cash	<b>\$ 10,199,919</b>	\$ 11,629,600

The Town has an undrawn operating line of credit of \$6,000,000. This line of credit is issued on the credit and security of the Town of Sylvan Lake at large and bears an interest rate of prime rate less 0.75%.

Included in cash and cash equivalents are the following restricted amounts for funds received through federal and provincial grant programs and deposit liabilities.

	<u>2022</u>	<u>2021</u>
Deposit liabilities	<b>\$ 663,113</b>	\$ 451,191
Deferred revenue	<b>1,281,692</b>	1,439,828
	<b>\$ 1,944,805</b>	\$ 1,898,019

**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	<u>2022</u>	<u>2021</u>
<b>Taxes and grants in place of taxes</b>		
Current	<b>\$ 403,234</b>	\$ 971,756
Arrears	<b>269,650</b>	202,803
Total taxes and grants in place of taxes	<b>\$ 672,884</b>	\$ 1,174,559
<b>Trade and other</b>		
Trade accounts	<b>\$ 2,716,140</b>	\$ 2,007,614
Goods and Services Tax receivable	<b>4,24,821</b>	293,444
Other	<b>172,580</b>	172,580
Total trade and other receivables	<b>\$ 3,313,541</b>	\$ 2,473,638

**4. EMPLOYEE BENEFIT OBLIGATION**

	<u>2022</u>	<u>2021</u>
Vacation and overtime	<b>\$ 789,257</b>	\$ 687,330

The vacation and overtime liability is comprised of the vacation and overtime that employees have and is deferred to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year. The obligation is included in accounts payable and accrued liabilities.

**TOWN OF SYLVAN LAKE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

**5. DEFERRED REVENUE**

	Beginning Balance December 31, 2021	Received	Recognized	Ending Balance December 31, 2022
Canada Community Building Fund	\$ 949,424	\$ 887,863	\$ 1,015,722	\$ 821,565
Business license revenue	204,103	220,711	229,114	195,700
Other deferred revenue	286,301	2,241,418	2,263,292	264,427
	<u>\$ 1,439,828</u>	<u>\$ 3,349,992</u>	<u>\$ 3,508,128</u>	<u>\$ 1,281,692</u>

Business license revenue relates to the fact that the bylaw now requires businesses to have paid for their new business license by December 31st of the preceding year. Therefore, invoices for the subsequent year's business licenses are entered at the beginning of December of the preceding year.

Other deferred revenue includes funds received locally and Provincial grants from different programs.

**6. LONG TERM DEBT**

Alberta Capital Finance Authority \$27,518,651 (2021 - \$28,951,982):

	Principal	Interest	Total
2023	\$ 1,486,380	\$ 854,906	\$ 2,341,286
2024	1,541,690	799,596	2,341,286
2025	1,565,218	741,917	2,307,135
2026	1,521,483	683,884	2,205,367
2027	1,378,146	630,024	2,008,170
Thereafter	20,025,734	4,138,224	24,163,958
	<u>\$ 27,518,651</u>	<u>\$ 7,848,551</u>	<u>\$ 35,367,202</u>

Debenture debt in the amount of \$27,518,651 is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.35% to 6.875% per annum and matures in periods 2021 through 2044. The average annual interest rate is 3.14% for 2022 (2021– 3.17%). Debenture debt is issued on the credit and security of the Town of Sylvan Lake at large.

Interest on long-term debt amounted to \$891,328 (2021 - \$942,947).

**7. LIABILITY FOR CONTAMINATED SITES**

The Town's wastewater treatment plant ceased being used on July 12, 2019. The Town has an obligation to reclaim the plant and the wastewater storage lagoons. The cost to decommission the plant and reclaim the land is estimated to be \$4,982,768 (2021 - \$4,949,792) in total over seven years starting in 2022 through several phases. The change in estimate comes from new engineering reports released for the 2022 fiscal period.

**TOWN OF SYLVAN LAKE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

**8. ACCUMULATED SURPLUS**

	2022	2021
Unrestricted surplus	\$ 3,576,719	\$ 3,737,153
Restricted surplus		
Capital	(8,101,141)	(1,935,744)
Operating	9,555,792	1,943,851
Equity in tangible capital assets (Note 9)	197,816,583	201,613,022
	<b>\$ 202,847,953</b>	<b>\$ 205,358,282</b>

**9. EQUITY IN CAPITAL ASSETS**

	2022	2021
Tangible capital assets (Schedule 2)	\$ 335,659,903	\$ 332,013,251
Accumulated amortization (Schedule 2)	(109,674,325)	(101,448,247)
Long-term debt (Note 6)	(27,518,651)	(28,951,982)
Tangible capital assets included in accounts payable	(650,344)	-
	<b>\$ 197,816,583</b>	<b>\$ 201,613,022</b>

**10. DEBT LIMITS**

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

	2022	2021
Total debt limit	\$ 61,570,100	\$ 57,002,435
Long-term debt	27,518,651	28,951,982
Amount of debt limit unused	<b>\$ 34,051,448</b>	<b>\$ 28,050,453</b>
Debt servicing limit	\$ 10,261,683	\$ 9,500,406
Debt servicing	2,341,286	2,341,286
Amount of debt servicing limit unused	<b>\$ 7,920,397</b>	<b>\$ 7,159,120</b>

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 SYLVAN LAKE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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**11. SALARY AND BENEFITS DISCLOSURE**

	Salary	Benefits & Allowances	<b>2022</b>	2021
Mayor McIntyre	\$ -	\$ -	\$ -	\$ 51,917
Mayor Hanson	80,053	8,323	<b>88,376</b>	47,508
Councilor Parsons	36,872	5,478	<b>42,350</b>	38,968
Councilor Payne	33,244	1,729	<b>34,973</b>	34,356
Councilor Rilling	43,021	7,076	<b>50,097</b>	45,565
Councilor Kloss	19,185	3,799	<b>22,984</b>	39,780
Councilor Mearns	32,410	6,424	<b>38,834</b>	36,144
Councilor Dakin	34,039	6,175	<b>40,214</b>	8,164
Councilor Oostindie	10,898	563	<b>11,461</b>	-
Chief Administrative Officer	226,796	39,082	<b>265,878</b>	257,872
Designated Officers	<u>336,192</u>	<u>58,047</u>	<u><b>394,239</b></u>	<u>394,120</u>
	<u>\$ 852,710</u>	<u>\$ 136,696</u>	<u><b>\$ 989,406</b></u>	<u>\$ 954,394</u>

Salary includes regular base pay. Benefits and allowances includes employer's share of all benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance and long and short-term disability plans.

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**TOWN OF SYLVAN LAKE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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**12. SEGMENTED INFORMATION**

The municipality is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, and water and recreational programs. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

**General Government**

This item relates to the revenues and expenses that relate to the operations of the Municipality itself and cannot be directly attributed to a specific segment.

**Family and Community Support Services**

This service area provides services meant to improve the health and development of the Municipality's citizens.

**Recreation, Parks and Culture**

This department is comprised of recreational programs and cultural programs which are provided at the aquatic centre, multi-purpose facility, arena and community centre. This department is also responsible for the maintenance of parks and open spaces. The Municipality also provides funding to the Sylvan Lake Library to assist with its citizens' informational needs.

**Protective Services**

Protection is comprised of police services, fire protection, and disaster services. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. Disaster services are measures which if invoked mitigate the negative results of any disaster which may occur in the community.

**Planning and Development**

Planning and development department is responsible for administering the land use bylaw, issuing development permits, and producing both short-term and long-term planning documents to assist Council with managing growth of the Town.

**Public Works**

The public works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems. This service area also provides services to the streets of the Town such as snow clearing.

**Environment and Recycling**

Environmental services consist of recycling services.

**Water, Waste and Sewage**

The water and waste department consists of three distinct utilities – water, wastewater and solid waste disposal. The department provides drinking water to the Town's citizens, collects and treats wastewater, and provides waste collection and disposal. The Municipality processes and cleans sewage and ensures the water system meets all Provincial standards.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment, except for taxation revenue. Taxation revenue has been allocated to those segments that are funded by taxation revenue, based on the segments' net surpluses for the year.

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**TOWN OF SYLVAN LAKE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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**13. LOCAL AUTHORITIES PENSION PLAN**

Certain employees of the Town of Sylvan Lake participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The LAPP serves 281,764 members and 435 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. The plan provides defined pension benefits to employees based on their length of service and rates of pay.

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

The Town of Sylvan Lake is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the Town of Sylvan Lake to the LAPP in 2022 were \$767,349 (2021 - \$911,691). Total current service contributions by the employees of the Town to the LAPP in 2022 were \$690,932 (2021 - \$816,223).

As this is a multi-employer pension plan, these contributions are the Town's pension benefit expense. No pension liability for this type of plan is included in the Town's financial statements. At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 billion (2020 - \$4.96 billion surplus). The 2022 amounts are not yet available.

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**14. FAMILY AND COMMUNITY SUPPORT SERVICES**

The Family and Community Services Support Services (FCSS) Annual Program Report has been prepared by management in accordance with the FCSS Act and Regulation thereto and the basis of accounting as described in Note 1.

The municipal contribution of \$85,334 (2021 - \$85,334) has been derived from the Town's operating budget and is in excess of the 20% allocation requirement pursuant to Section 6 of the FCSS Act. All revenues and expenditures relative to the Program have been included in the report.

<b>FCSS Annual Program Report</b>	<b>2022</b>	<b>2021</b>
Funding provided under the Act	\$ 341,336	\$ 341,336
Municipal contribution	85,334	85,334
Other revenues	16,732	16,409
<b>Total Revenues</b>	<b>\$ 443,402</b>	<b>\$ 443,079</b>
Direct delivery of program	130,597	99,656
Total administration cost	278,816	304,249
<b>Total Expenditures</b>	<b>\$ 1,030,760</b>	<b>\$ 1,165,555</b>
<b>Deficit</b>	<b>\$ (587,358)</b>	<b>\$ (722,476)</b>



**TOWN OF SYLVAN LAKE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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**15. CONTINGENCIES**

Town of Sylvan Lake, in the conduct of its normal activities, can be named as a defendant in legal proceedings. The ultimate outcome of these proceedings can often not be determined until the proceedings are completed. Should any loss result from the resolution of these proceedings or if the amount of the loss can be determined, such amounts would be expensed as they become known to the Town.

There are claims which have been filed against the Town for alleged damages to adjacent properties as a consequence of the redevelopment of Lakeshore Drive and Centennial Park. Liability and any loss as a result of these claims are indeterminable.

**Local Authorities Reciprocal Insurance Exchange**

The Town of Sylvan Lake is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of the membership, the Town of Sylvan Lake 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.

**Sylvan Lake Regional Wastewater Commission**

The Town of Sylvan Lake is a member of the Sylvan Lake Regional Wastewater Commission. Under the terms of this membership, the Town is liable for its proportionate share of any losses incurred by the Commission. Any liability would be accounted for in the year the losses are determined.

**Sylvan Lake Regional Water Commission**

The Town of Sylvan Lake is a member of the Sylvan Lake Regional Water Commission. Under the terms of this membership, the Town is liable for its proportionate share of any losses incurred by the Commission. Any liability would be accounted for in the year the losses are determined.

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**16. COMMITMENTS**

The Town of Sylvan Lake has ongoing capital projects that were not completed during the year. The estimated costs to the Town are \$5,740,132 for projects that will continue through 2023.

The Town has a five-year agreement with Wild Rose Assessment Services Inc. to provide property assessment services. The agreement term is from April 1, 2020 to March 31, 2025. The Town is required to pay a fee of \$15.25 to \$16.00 per parcel for the year.

The Town entered into a new contract to provide waste disposal services with E360S (CAN-PAK) from April 1, 2022 to March 31, 2025. The Town is required to pay various fees for waste and recycling collections plus roll off service hauling fees to Horn Hill and the City of Red Deer Landfill.

The Town has long term operating leases with respect to certain equipment. Future lease payments as at year end are as follows:

2023	\$	32,087
2024		24,060
2025		24,060
2026		24,060
2027		4,010
	\$	<u>108,277</u>

**TOWN OF SYLVAN LAKE**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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**17. FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash and term deposits, receivables, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest rate, currency, market, liquidity, or credit risks arising from these financial instruments except as follows:

**Credit risk**

The Town is exposed to credit risk with respect to taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and certain rights granted to the Town under the Municipal Government Act minimizes the credit risk.

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**18. COMPARATIVE FIGURES**

Certain figures have been reclassified to conform with current year presentation.

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**19. APPROVAL OF BUDGET**

Council and Management approved the 2022 budget for the Town of Sylvan Lake on February 14, 2022 and the revised budget on March 28, 2022.

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**20. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.

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