

Financial Statements of

TOWN OF COALHURST

And Independent Auditor's Report thereon

Year ended December 31, 2024

Management's Responsibility for Financial Reporting

The Town of Coalhurst (the "Town") management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Town's financial position as at December 31, 2024 and the results of its operations for the year then ended.

The financial statements have been prepared in accordance with Canadian public sector accounting standards. Financial statements are not precise, since they include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintained a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The Town's Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Town's external auditors.

The financial statements have been audited by the independent firm of KPMG LLP. Their report to the Members of Council of the Town of Coalhurst, stating the scope of their examination and opinion on the financial statements, follows.



Karlene Betteridge
Chief Administrative Officer



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councilors of the Town of Coalhurst

Opinion

We have audited the financial statements of the Town of Coalhurst (the "Town"), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2024, and its results of operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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 these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Lethbridge, Canada

April 15, 2025

TOWN OF COALHURST

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash and cash equivalents (note 4)	\$ 15,009,763	\$ 10,285,656
Taxes receivable (note 5)	195,400	154,671
Trade and other receivables (note 6)	482,356	1,307,449
	15,687,519	11,747,776
Financial liabilities:		
Accounts payable and accrued liabilities (note 7)	354,648	161,344
Deferred revenue (note 8)	3,413,985	599,042
Deposit liabilities	359,188	324,152
Long-term debt (note 9)	2,028,713	2,119,113
Holdbacks payable	--	462,333
Asset retirement obligations (note 10)	58,082	56,500
	6,214,616	3,722,484
Net financial assets	9,472,903	8,025,292
Non-financial assets:		
Prepaid expenses and deposits	91,162	42,887
Tangible capital assets (Schedule 6)	33,766,969	34,749,536
Water rights	70,000	70,000
	33,928,131	34,862,423
Contingent liability (note 15)		
Accumulated surplus (note 11 and Schedule 3)	\$ 43,401,034	\$ 42,887,715

See accompanying notes to consolidated financial statements.

TOWN OF COALHURST

Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	Budget (note 17)	2024	2023
Revenue:			
Net municipal property taxes (Schedule 4)	\$ 2,493,045	\$ 2,489,871	\$ 2,374,783
Sales and user fees	2,026,655	2,116,878	2,167,565
Government transfers for operating (Schedule 1)	243,013	268,902	442,832
Interest income	150,000	535,284	479,035
Penalties and cost of taxes	44,000	54,667	43,303
Rental income	22,000	41,891	23,068
Franchise and concession contracts	151,350	177,724	129,156
Licenses and permits	75,000	83,201	63,477
Other revenue	10,000	4,242	18,749
Total revenue	5,215,063	5,772,660	5,741,968
Expenses (Schedule 5):			
Legislative	181,750	146,198	150,268
Administration	909,528	958,545	788,588
Protective Services	659,155	764,998	752,193
Public works	581,775	1,586,461	1,227,169
Water supply and distribution	532,475	475,716	538,578
Waste water	446,475	571,829	515,379
Waste management	400,800	411,397	346,686
Community Support	22,272	22,272	22,272
Municipal Planning	266,800	115,204	157,821
Recreation and Parks	335,925	386,614	420,124
Culture and library	342,715	312,580	129,442
Total expenses	4,679,670	5,751,814	5,048,520
Excess of revenue over expenses before the undernoted	535,393	20,846	693,448
Other:			
Government transfers for capital (Schedule 1)	--	492,473	2,373,331
Excess of revenue over expenses	535,393	513,319	3,066,779
Accumulated surplus, beginning of year	42,887,715	42,887,715	39,820,936
Accumulated surplus, end of year	\$ 43,423,108	\$ 43,401,034	\$ 42,887,715

See accompanying notes to consolidated financial statements.

TOWN OF COALHURST

Consolidated Statement of Changes in Net Financial Assets
Year ended December 31, 2024, with comparative information for 2023

	Budget		2024	2023
Excess of revenue over expenses	\$	535,393	\$ 513,319	\$ 3,066,779
Acquisition of tangible capital assets		--	(224,323)	(3,426,739)
Amortization of tangible capital assets		--	1,206,890	1,059,985
Gain on disposal of tangible capital assets		--	--	(14,086)
Proceeds of disposal of tangible capital assets		--	--	59,100
Net change in prepaids and deposits		--	(48,275)	378,182
Changes in net financial assets		535,393	1,447,611	1,123,221
Net financial assets, beginning of year		8,025,292	8,025,292	6,902,071
Net financial assets, end of year	\$	8,560,685	\$ 9,472,903	\$ 8,025,292

See accompanying notes to consolidated financial statements.

TOWN OF COALHURST

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in)		
Operating activities:		
Excess of revenue over expenses	\$ 513,319	\$ 3,066,779
Items not involving cash:		
Amortization of tangible capital assets	1,206,890	1,059,985
Gain on disposal of tangible capital assets	--	(14,086)
Accretion of asset retirement obligations	1,582	1,538
	1,721,791	4,114,216
Changes in non-cash assets and liabilities:		
Taxes receivable	(40,729)	(38,803)
Trade and other receivables	825,093	302,625
Prepaid expenses and deposits	(48,275)	378,182
Accounts payable and accrued liabilities	193,304	67,046
Deposit liabilities	35,036	(11,705)
Deferred revenue	2,814,943	(663,966)
Holdback payable	(462,333)	462,333
	5,038,830	4,609,928
Capital activities:		
Acquisition of tangible capital assets		
- internally funded	(224,323)	(3,426,739)
Proceeds on disposal of tangible capital assets	--	59,100
	(224,323)	(3,367,639)
Financing activities:		
Principal payment on long-term debt - capital	(83,959)	(717,232)
Principal payment on long-term debt - operating	(6,441)	(655,368)
	(90,400)	(1,372,600)
Increase (decrease) in cash and cash equivalents	4,724,107	(130,311)
Cash and cash equivalents, beginning of year	10,285,656	10,415,967
Cash and cash equivalents, end of year	\$ 15,009,763	\$ 10,285,656

See accompanying notes to consolidated financial statements.

TOWN OF COALHURST

Notes to the Financial Statements
Year ended December 31, 2024

1 Significant accounting policies:

These financial statements of the Town of Coalhurst (the "Town") are the representation of management prepared in accordance with Canadian Public Sector Accounting Standards set out in the CPA Canada Handbook - Public Sector Accounting.

Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting entity:

The financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of the municipal operations controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Interdepartmental transactions and balances have been eliminated.

The schedule of taxes levied and net taxes available for Municipal purposes includes requisitions collected on behalf of and transferred to educational and other external organizations that are not part of the municipal reporting entity.

(b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Tax revenues result from non-exchange transactions that are compulsorily paid to governments in accordance with the laws and regulations established to provide revenue to the government for public services. The revenue is recognized when the tax has been authorized and the taxable event has occurred.

(c) Pension expense

The Town participates in a defined benefit multi-employer pension plan covering substantially all of its employees. Pension contributions are accounted for using defined contribution accounting, wherein contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

TOWN OF COALHURST

Notes to the Financial Statements
Year ended December 31, 2024

1 Significant accounting policies: (continued)

(d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. As all investments are recorded at amortized cost, there are no fair value adjustments which are not recognized through the Statement of Operations, as such, no Statement of Remeasurement Gains or Losses is presented.

(e) Over-levies collections and under-levies

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

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

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

(f) Asset retirement obligations:

Asset retirement obligations (ARO) are legal obligations associated with the retirement of a tangible capital assets (TCA). Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to:

- Decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- Remediation of contamination of a tangible capital asset created by its normal use;
- Post-retirement activities such as monitoring; and
- Construction of other tangible capital assets to perform post-retirement activities.

A liability for an asset retirement obligation is recognized when, as at the financial reporting date:

- (a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

When a liability for retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

TOWN OF COALHURST

Notes to the Financial Statements
Year ended December 31, 2024

1 Significant accounting policies: (continued)

(g) Revenue Recognition

All revenues are recorded on an accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as deferred revenue financial assets for the year.

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 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.

ii. Exchange transactions

Revenue from sales and user fees and other exchange transactions is recognized when the Town satisfies its performance obligation with the payor. User fees are recognized over the period of use. Sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance. Licenses and permits which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

iii. Non-exchange transactions

Revenue from net municipal property taxes and other non-exchange transactions is recognized when the Town has the ability to claim or retain an inflow of economic resources and a past transaction or event giving rise to the asset has occurred.

(h) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring. No contaminated sites have been identified.

TOWN OF COALHURST

Notes to the Financial Statements
Year ended December 31, 2024

1 Significant accounting policies: (continued)

(i) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations.

i. Tangible capital assets:

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

Assets	Years
Land improvements	50
Buildings	50
Engineered structures	45 - 75
Machinery and equipment	5 - 20
Vehicles	10 - 25

Assets under construction are not amortized until the asset is available for productive use.

ii. Contribution of tangible capital assets:

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

iii. Inventories:

Inventories consisting of land and improvements not currently available for resale are recorded as non-financial assets.

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

iv. Water rights:

The Town records water rights not subject to amortization at cost, and accordingly, tests water rights for impairment only when events or changes in circumstances indicate that the carrying amount may not be recoverable.

TOWN OF COALHURST

Notes to the Financial Statements
Year ended December 31, 2024

1 Significant accounting policies: (continued)

(j) Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts 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 expenses during the reporting periods. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets, asset retirement obligations, water rights, provisions for impairment of accounts receivable and taxes receivable, carrying amounts of inventories and construction in progress. Actual results could differ from those estimates.

2 Adoption of new accounting standards and guidelines

Effective January 1, 2024, the Town adopted the following new accounting standards approved by the Public Sector Accounting Board.

(a) PS 3400 – Revenue:

This standard provides a framework for recognizing, measuring and reporting revenues that arise from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific player.

The Town adopted this standard on a prospective basis and as a result, 2023 comparatives are not restated. The result of adopting this standard for January 1, 2024 is nil on revenue and deferred revenue.

(b) PS 3160 – Public Private Partnerships:

This section establishes standards for the recognition, measurement, presentation, and disclosure of infrastructure procured through certain types of public private partnership arrangements.

The Town adopted this standard on a prospective basis and as a result, 2023 comparatives are not restated. The Town did not identify any public private partnerships. The result of adopting the standard for January 1, 2024 is nil.

(c) PSG 8 – Purchased Intangibles:

This guideline provides direction on accounting for and reporting intangibles. It provides clarity on the recognition criteria, along with instances of assets that would not meet this definition.

The Town adopted this standard on a prospective basis and as a result, 2023 comparatives are not restated. The Town did not identify any purchased intangibles. The result of adopting the standard for January 1, 2024 is nil.

TOWN OF COALHURST

Notes to the Financial Statements
Year ended December 31, 2024

3 Recent accounting pronouncements:

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board (PSAB). In 2025, the Town will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

(a) The Conceptual Framework for Financial Reporting in the Public Sector

The Conceptual Framework for Financial Reporting in the Public Sector, is the foundation for public sector financial reporting standards. It replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

The revised framework is effective for fiscal years beginning on or after April 1, 2026. Early adoption is permitted. The conceptual framework is to be applied prospectively.

(b) PS 1202 - Financial Statement Presentation:

The Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework. This is effective for fiscal years beginning on or after April 1, 2026. Early adoption is permitted only if the Conceptual Framework for Financial Reporting in the Public Sector is also adopted at the same time.

4 Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short term deposits with original maturities of less than three months.

Included in cash is \$217,477 (2023 - \$223,918) of unexpended debt proceeds from Province of Alberta and \$3,348,966 (2023 - \$558,393) of restricted grant funding.

TOWN OF COALHURST

Notes to the Financial Statements
Year ended December 31, 2024

5 Taxes receivable:

	2024	2023
Current	\$ 144,888	\$ 104,241
Arrears	50,512	50,430
	\$ 195,400	\$ 154,671

6 Trade and other receivables:

	2024	2023
Grants and recoveries	\$ 321,023	\$ 1,091,826
Utilities	143,872	136,440
Other	17,461	79,183
	\$ 482,356	\$ 1,307,449

7 Accounts payable and accrued liabilities:

	2024	2023
Trade accounts payable	\$ 49,818	\$ 2,602
Vacation accrual	22,630	33,652
Sick time accrual	115,165	102,297
Other payables	150,313	5,329
Interest payable	16,722	17,464
	\$ 354,648	\$ 161,344

TOWN OF COALHURST

Notes to the Financial Statements
Year ended December 31, 2024

8 Deferred revenue:

	2023	Contributions received or receivable	Interest	Contributions recognized as revenue	2024
Canada Community - Building Fund ("CCBF") (i) \$	70,241	\$ 168,283	\$ 24,533	\$ 263,057	\$ --
Alberta Community Resilience Program Grant	120,235	--	4,483	82,863	41,855
Small Communities Fund	60	1,650,906	37,230	--	1,688,196
Municipal Sustainability Initiatives ("MSI") - operating	--	193,938	--	193,938	--
MSI - capital	316,008	1,314,199	25,586	58,246	1,597,547
Other grants	51,848	130,740	2,051	163,271	21,368
	558,392	3,458,066	93,883	761,375	3,348,966
Prepaid tax revenue	40,650	65,019	--	40,650	65,019
Deferred revenue, end of year	\$ 599,042	\$ 3,523,085	\$ 93,883	\$ 802,025	\$ 3,413,985

(i) A portion of interest was allocated from other projects which are being funded by CCBF funding.

Funding allocations have been made available to the Town from the MSI – Capital Component. These allocations are only receivable from the funding source upon approval of project submissions made by the Town. As at December 31, 2024, the Town has a portion of their allocations that do not have any approved projects submitted towards. As a result these allocations have not been included in these financial statements.

	2024	2023
Unpaid allocations available, beginning of year	\$ 1,314,199	\$ 1,623,780
MSI contributions received - capital	(193,938)	(603,850)
Annual allocation	--	294,269
Unpaid allocations available, end of year	\$ 1,120,261	\$ 1,314,199

Funding allocations have been made available to the Town from the CCBF. These allocations are only receivable from the funding source upon approval of project submissions made by the Town. As at December 31, 2024, the Town has a portion of their allocations they do not have any approved projects submitted towards. As a result, these allocations have not been included in these financial statements.

	2024	2023
Unpaid allocations available, beginning of year	\$ 678,430	\$ 573,062
CCBF contributions received - capital	--	(68,915)
CCBF contributions receivable - capital	(168,283)	--
Annual Allocation	217,140	174,283
Unpaid allocations available, end of year	\$ 727,287	\$ 678,430

TOWN OF COALHURST

Notes to the Financial Statements
Year ended December 31, 2024

9 Long-term debt:

	2024	2023
Tax supported debentures	\$ 2,028,713	\$ 2,119,113

Principal and interest repayments on debt are as follows:

	Principal	Interest	Total
2025	\$ 92,938	\$ 56,190	\$ 149,128
2026	95,547	53,581	149,128
2027	98,230	50,898	149,128
2028	100,989	48,139	149,128
2029	103,826	45,302	149,128
Thereafter	1,537,183	291,572	1,828,755
Total	\$ 2,028,713	\$ 545,682	\$ 2,574,395

Long-term debt is comprised of:

	2024	2023
Capital	\$ 1,811,236	\$ 1,895,195
Unspent debt proceeds	217,477	223,918
Total	\$ 2,028,713	\$ 2,119,113

Debenture debt is repayable to the Province of Alberta (formerly Alberta Capital Finance Authority) and bears interest at 2.649% to 3.230% (2023 - 3.239% to 5.353%) per annum, before Provincial subsidy, and matures in 2042. Debenture debt is issued on the credit and security of the Town of Coalhurst at large.

Interest on debenture debt amounted to \$57,985 (2023 - \$67,087). The Town's total cash payments for interest in 2024 were \$58,727 (2023 - \$80,207).

TOWN OF COALHURST

Notes to the Financial Statements
Year ended December 31, 2024

10 Asset retirement obligations and environmental liabilities:

	2024	2023
Asset retirement obligations, beginning of year	\$ 56,500	\$ 54,962
Accretion expense	1,582	1,538
	\$ 58,082	\$ 56,500

Tangible capital assets with associated retirement obligations include buildings. The Town has asset retirement obligations to remove hazardous asbestos fiber containing materials from various buildings under its control. Regulations require the Town to handle and dispose of the asbestos in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although timing of the asbestos removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the Town to remove the asbestos when asset retirement activities occur.

Asset retirement obligations are initially measured as of the date the legal obligation was incurred, based on management's best estimate of the amount required to retire tangible capital assets and subsequently remeasured taking into account any new information and the appropriateness of assumptions used. The estimate of the liability is based on a quote from a third-party who completed a survey and supplemental sampling at all Town buildings.

Asset retirement obligations are expected to be settled over the next 10 to 20 years.

TOWN OF COALHURST

Notes to the Financial Statements
Year ended December 31, 2024

11 Accumulated surplus:

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

	2024	2023
Reserves (i)	\$ 7,639,506	\$ 7,193,706
Equity in tangible capital assets (ii)	31,897,651	32,797,841
Unrestricted net assets	3,863,877	2,896,168
	\$ 43,401,034	\$ 42,887,715

(i) Reserves are comprised of funds internally restricted as follows:

	2024	2023
Operating:		
Infrastructure	\$ 228,546	\$ 250,506
Administration	131,572	144,871
Fire department	777,135	714,495
Emergency measures	8,888	8,888
Equipment	848,129	810,629
Roads	608,699	590,826
Water	818,743	746,418
Sewer	835,587	791,287
Garbage	99,763	69,413
Drainage	368,849	298,849
Recreation	203,990	186,559
Community	41,040	45,190
Community centre	183,525	174,625
Operating projects	276,926	174,336
Legislative	8,299	--
Contingency	252,018	239,017
	5,691,709	5,245,909
Capital	1,947,797	1,947,797
	\$ 7,639,506	\$ 7,193,706

TOWN OF COALHURST

Notes to the Financial Statements
Year ended December 31, 2024

11 Accumulated surplus: (continued)

(ii) Equity in tangible capital assets:

	2024	2023
Tangible capital assets (Schedule 6)	\$ 51,621,506	\$ 51,397,183
Accumulated amortization (Schedule 6)	(17,854,537)	(16,647,647)
Long-term debt for capital (Note 9)	(1,811,236)	(1,895,195)
Asset retirement obligation	(58,082)	(56,500)
	\$ 31,897,651	\$ 32,797,841

12 Salary and benefits disclosure:

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

	Salaries (i)	Benefits and Allowances(ii)	2024	2023
Mayor:				
L. Montana	\$ 25,875	\$ 1,331	\$ 27,206	\$ 31,826
Councillors:				
H. Caldwell	20,700	1,023	21,723	23,519
S. Akkermans	20,700	5,512	26,212	26,884
D. Florence	20,700	5,512	26,212	28,692
J. Potrie	20,700	1,023	21,723	22,670
	108,675	14,401	123,076	133,591
Designated officers (iii):				
Chief Administrative Officer (3 months)	66,500	11,235	77,735	--
Chief Administrative Officer	168,976	16,318	185,294	124,207
Chief Administrative Office (interim)	--	--	--	60,099
	\$ 235,476	\$ 27,553	\$ 263,029	\$ 184,306

- Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, accidental disability and dismemberment insurance, long-term disability plans, travel allowances and tuition, as eligible.
- During the year, there were two Chief Administrative Officers in which their terms did not overlap. The large increase in salaries from the prior year is a result of a severance payout.

TOWN OF COALHURST

Notes to the Financial Statements
Year ended December 31, 2024

13 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:

	2024	2023
Total debt limit	\$ 8,658,990	\$ 8,612,952
Total debt	(2,028,713)	(2,119,113)
Amount of debt limit unused	6,630,277	6,493,839
Debt servicing limit	1,443,165	1,435,492
Debt servicing	(149,158)	(149,128)
Amount of debt servicing unused	\$ 1,294,007	\$ 1,286,364

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

14 Local Authorities Pension Plan:

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 304,451 people and about 444 employers. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

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

The Town is required to make current service contributions to the LAPP of 8.45% (8.45% in 2023) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (12.23% in 2023) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% (7.45% in 2023) of pensionable salary up to the year's maximum pensionable salary and 10.65% (11.23% in 2023) on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP in 2024 were \$92,500 (2023 - \$78,570). Total current service contributions by the employees of the Town to the LAPP in 2024 were \$82,349 (2023 - \$69,953).

At December 31, 2023 the LAPP reported an actuarial surplus of \$15.1 billion (2022 - \$12.7 billion). The 2024 LAPP actuarial balance was not available at the date of this report.

TOWN OF COALHURST

Notes to the Financial Statements
Year ended December 31, 2024

15 Contingent liabilities

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

16 Financial instruments:

The Town as part of its operations carries a number of financial instruments, such as cash and cash equivalents, taxes and accounts receivable, investments, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

i. Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Town manages exposure through its normal operating and financing activities. The Town has available a Municipal Revolving loan aggregating \$300,000. Amounts drawn on this facility bear interest at prime plus nil%. At December 31, 2024, no amounts were drawn on this facility. At December 31, 2024 prime rate was 5.45% (2023 - 7.20%).

ii. Credit risk:

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

iii. Liquidity risk:

Liquidity risk is the risk that the Town will not be able to meet its financial obligations as they become due. The Town manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

17 Budget:

The budgeted information presented in these financial statements is based upon the 2024 operating and capital budgets approved by Council on May 7, 2024. Amortization was not contemplated in development of the budget and, as such, has not been included.

TOWN OF COALHURST

Notes to the Financial Statements
Year ended December 31, 2024

18 Segmented disclosure:

Segmented information has been identified based upon lines of service provided by the Town. Town services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segments information, along with the services they provide, are as follows:

(a) Utility services:

The utility department is responsible for water supply and distribution services within the Town, as well as wastewater treatment and disposal activities and waste management functions.

(b) 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, streets, walks and lighting.

(c) Protective services:

The mandate of Protective Services is to provide for the rescue and protection of people and property within the Town through effective and efficient management and coordination of emergency service systems and resources.

(d) Parks and culture:

Parks and culture includes the operation and maintenance of parks, recreation, and community buildings within the Town.

(e) General government:

General government includes all functional activities.

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 segment's budgeted net expenditure. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

19 Approval of financial statements:

Council and Management approved these financial statements.

TOWN OF COALHURST

Schedule 1 - Schedule of Government Transfers

For the year ended December 31, 2024, with comparative information for 2023

	Budget		2024		2023	
Transfers for operating:						
Provincial government	\$	243,013	\$	263,168	\$	442,232
Federal government		--		5,734		600
		243,013		268,902		442,832
Transfers for capital:						
Provincial government		--		441,983		1,447,808
Federal government		--		50,490		925,523
		--		492,473		2,373,331
	\$	243,013	\$	761,375	\$	2,816,163

TOWN OF COALHURST

Schedule 2 - Schedule of Segmented Disclosures

For the year ended December 31, 2024 , with comparative information for 2023

	Utilities	Public Works	Protective Services	Parks and culture	General Government	2024	2023
Revenue:							
Net municipal property taxes	\$ --	\$ --	\$ --	\$ --	\$ 2,489,871	\$ 2,489,871	\$ 2,374,783
Sales and user fees	1,666,674	75,928	302,612	62,615	9,049	2,116,878	2,167,565
Government transfers for operating (schedule 1)	122,938	--	26,124	36,334	83,506	268,902	442,832
Investment income	--	--	--	--	535,284	535,284	479,035
Penalties and cost of taxes	--	--	--	--	54,667	54,667	43,303
Rentals	--	--	--	41,891	--	41,891	23,068
Franchise and concession contracts	--	--	--	--	177,724	177,724	129,156
Licenses and permits	--	--	10,920	--	72,281	83,201	63,477
Other revenue	--	--	4,242	--	--	4,242	18,749
	1,789,612	75,928	343,898	140,840	3,422,382	5,772,660	5,741,968
Expenses:							
Salaries, wages and benefits	329,969	153,312	233,526	306,582	731,576	1,754,965	1,586,645
Contracted and general services	286,981	461,753	91,065	165,821	344,992	1,350,612	1,062,252
Materials, goods and utilities	141,853	266,862	91,720	81,753	119,993	702,181	700,188
Transfer to local boards and agencies	431,845	--	179,960	36,571	23,672	672,048	571,005
Interest on long-term debt	17,512	40,473	--	--	--	57,985	67,087
Interest and bank charges	--	--	--	--	5,551	5,551	6,571
Other	--	--	--	--	--	--	7,335
Gain on disposal of tangible capital assets	--	--	--	--	--	--	(14,086)
Accretion expense	--	1,582	--	--	--	1,582	1,538
Amortization	250,783	662,479	168,727	108,467	16,434	1,206,890	1,059,985
	1,458,943	1,586,461	764,998	699,194	1,242,218	5,751,814	5,048,520
Excess (deficiency) of revenue over expenses before the undernoted	330,669	(1,510,533)	(421,100)	(558,354)	2,180,164	20,846	693,448
Government transfers for capital (schedule 1)	5,581	415,632	--	71,260	--	492,473	2,373,331
Excess (deficiency) of revenue over expenses	\$ 336,250	\$ (1,094,901)	\$ (421,100)	\$ (487,094)	\$ 2,180,164	\$ 513,319	\$ 3,066,779

TOWN OF COALHURST

Schedule 3 - Schedule of Changes in Accumulated Surplus
For the year ended December 31, 2024 , with comparative information for 2023

	Unrestricted net assets	Reserves	Equity in tangible capital assets	2024	2023
Balance, beginning of year	\$ 2,896,168	\$ 7,193,706	\$ 32,797,841	\$42,887,715	\$39,820,936
Excess of revenues over expenses	513,319	--	--	513,319	3,066,779
Transferred to reserves	(445,800)	445,800	--	--	--
Acquisition of tangible capital assets internally funded	(224,323)	--	224,323	--	--
Accretion expense	1,582	--	(1,582)	--	--
Amortization of tangible capital assets	1,206,890	--	(1,206,890)	--	--
Principal payment on debenture debt- capital	(83,959)	--	83,959	--	--
Change in accumulated surplus	967,709	445,800	(900,190)	513,319	3,066,779
Balance, end of year	\$ 3,863,877	\$ 7,639,506	\$ 31,897,651	\$43,401,034	\$42,887,715

TOWN OF COALHURST

Schedule 4 - Schedule of Net Municipal Property Taxes
For the Year Ended December 31, 2024

	Budget	2024	2023
Taxation:			
Real property tax	\$ 3,394,646	\$ 3,391,472	\$3,181,971
Requisitions:			
Alberta School Foundation Fund	852,750	852,750	762,851
Green Acres Foundation	48,851	48,851	44,337
	901,601	901,601	807,188
Net municipal property tax	\$ 2,493,045	\$ 2,489,871	\$2,374,783

TOWN OF COALHURST

Schedule 5 - Schedule of Expenses by Object

For the year ended December 31, 2024 , with comparative information for 2023

	Budget	2024	2023
Salaries, wages and benefits	\$ 1,741,775	\$ 1,754,965	\$ 1,586,645
Contracted and general services	1,239,800	1,350,612	1,062,252
Materials, goods and utilities	928,030	702,181	700,188
Transfers to local boards and agencies	706,815	672,048	571,005
Interest on long-term debt	58,750	57,985	67,087
Interest and bank charges	4,500	5,551	6,571
Other	-	-	7,335
Gain on disposal of tangible capital assets	-	-	(14,086)
Accretion expense	-	1,582	1,538
Amortization	-	1,206,890	1,059,985
Total expenses by object	\$ 4,679,670	\$ 5,751,814	\$ 5,048,520

TOWN OF COALHURST

Schedule 6 - Schedule of Tangible Capital Assets

For the year ended December 31, 2024 , with comparative information for 2023

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2024	2023
Cost:									
Balance, beginning of year	\$ 1,967,576	\$ 786,794	\$ 4,601,740	\$ 28,805,298	\$ 2,157,271	\$ 2,941,125	\$ 10,137,379	\$ 51,397,183	\$ 48,000,133
Prior period adjustment	-	-	-	-	-	-	-	-	20,327
Acquisition of tangible capital assets	-	50,492	11,796	14,329	44,132	13,532	90,042	224,323	3,426,739
Transfer	-	(49,524)	-	10,082,429	-	104,474	(10,137,379)	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	(50,016)
Balance, end of year	1,967,576	787,762	4,613,536	38,902,056	2,201,403	3,059,131	90,042	51,621,506	51,397,183
Accumulated Amortization:									
Balance, beginning of year	-	150,351	3,364,337	10,331,480	1,307,019	1,494,460	-	16,647,647	15,577,294
Prior period adjustment	-	-	-	-	-	-	-	-	15,370
Accumulated amortization of disposals	-	-	-	-	-	-	-	-	(5,002)
Amortization	-	40,710	85,624	819,586	109,251	151,719	-	1,206,890	1,059,985
Balance, end of year	-	191,061	3,449,961	11,151,066	1,416,270	1,646,179	-	17,854,537	16,647,647
Net book value of tangible capital assets	\$ 1,967,576	\$ 596,701	\$ 1,163,575	\$ 27,750,990	\$ 785,133	\$ 1,412,952	\$ 90,042	\$ 33,766,969	\$ 34,749,536
2023 Net book value of tangible capital assets	\$ 1,967,576	\$ 636,443	\$ 1,237,403	\$ 18,473,818	\$ 850,252	\$ 1,446,665	\$ 10,137,379	\$ 34,749,536	\$ -