



County of Wetaskiwin No. 10

December 31, 2022

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**County of Wetaskiwin No. 10
Consolidated
Financial Statements**

December 31, 2022



County of Wetaskiwin No. 10

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Strong Proactive Leadership • Safe Progressive Communities

Management's Responsibility

To the Reeve and Councilors of the County of Wetaskiwin No. 10:

The accompanying consolidated financial statements of the County of Wetaskiwin No. 10 are the responsibility of management and have been approved by Council.

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

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

Council is composed entirely of individuals who are neither management nor employees of the County. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated 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 County's external auditors.

MNP LLP is appointed by Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.

April 25, 2023

Original Signed _____

Chief Administrative Officer

To the Reeve and Councilors of County of Wetaskiwin No. 10:

Opinion

We have audited the consolidated financial statements of County of Wetaskiwin No. 10 (the "County"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, change in net financial assets, cash flows and the related schedules 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 County as at December 31, 2022, and the results of its consolidated operations, change in its net financial assets 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 County in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the 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 County'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 cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the County'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 County'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 County'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 County 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 County 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.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta regulation 255/2000, we confirm that the County is in compliance with the Debt Limit Regulation. A detailed account of the County's debt limit can be found in Note 14.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta regulation 313/2000, we confirm that the County is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 18.

Leduc, Alberta

April 25, 2023

MNP LLP

Chartered Professional Accountants

County of Wetaskiwin No. 10
Consolidated Statement of Financial Position
As at December 31, 2022

	2022	2021 <i>Restated</i>
Financial assets		
Cash and equivalents (Note 2)	14,887,576	33,134,955
Investments (Note 3)	18,203,865	-
Property taxes receivable (Note 4)	1,936,124	1,912,977
Trade and other accounts receivable (Note 5)	2,921,264	4,296,721
Tax sale proceeds (Note 6)	13,148	134
Patronage reserves	13,572	13,572
Debt charges recoverable (Note 7)	10,238,343	7,984,977
	48,213,892	47,343,336
Liabilities		
Accounts payable and accrued liabilities (Note 9)	3,186,137	3,658,446
Reclamation liability (Note 10)	5,851,723	5,494,575
Deposit liabilities	246,612	666,040
Contaminated sites	750,000	750,000
Tax sales proceeds liability (Note 6)	13,148	134
Employee benefit obligations (Note 11)	380,895	372,558
Deferred revenue (Note 12)	9,284,739	11,472,126
Long-term debt (Note 13)	10,238,343	7,984,977
	29,951,597	30,398,856
Net financial assets	18,262,295	16,944,480
Non-financial assets		
Tangible capital assets (Schedule II)	106,806,002	99,917,089
Inventory for consumption (Note 15)	9,240,206	10,341,725
Membership fee (Note 16)	400,000	400,000
Prepaid expenses	180,115	166,393
	116,626,323	110,825,207
Accumulated surplus (Schedule I)	134,888,618	127,769,687

Commitments and contingencies (Note 21)

Approved on behalf of Council:

Original Signed _____ Reeve

Original Signed _____ Deputy Reeve

The accompanying notes are an integral part of these financial statements

County of Wetaskiwin No. 10
Consolidated Statement of Operations

For the year ended December 31, 2022

	2022 Budget (Note 23)	2022	<i>2021 Restated</i>
Revenue			
Net municipal property taxes <i>(Schedule III)</i>	20,394,876	24,069,960	21,925,852
User fees and sale of goods	3,178,573	3,738,892	3,906,578
Other	754,630	1,022,584	1,531,755
Government transfers <i>(Schedule IV)</i>	1,560,387	833,199	1,036,375
Investment income	500,000	693,595	436,133
Sales to other governments	3,059,590	637,114	839,711
Rental	274,000	234,368	290,651
Permits, licenses, and fines	208,667	177,208	247,767
Gain on sale of tangible capital assets	968,260	134,677	541,483
	30,898,983	31,541,597	30,756,305
Expenses			
Public works	47,826,590	13,915,982	11,592,855
General Government	4,810,248	5,358,873	6,087,150
Utilities	11,592,128	2,732,138	3,907,125
Protective services	1,816,125	2,550,015	2,620,357
Recreation and cultural services	2,355,352	1,770,762	1,739,244
Agriculture Service Board	1,037,500	848,189	988,922
Planning and development	912,117	898,187	932,321
Family and Community Support Services	484,511	480,237	353,040
Cemetery	53,354	24,820	53,394
	70,887,925	28,579,203	28,274,408
Excess (deficiency) of revenue over expenses before other	(39,988,942)	2,962,394	2,481,897
Other			
Government transfers for capital <i>(Schedule IV)</i>	37,785,801	4,156,537	9,765,106
Excess (deficiency) of revenue over expenses	(2,203,141)	7,118,931	12,247,003
Accumulated surplus, beginning of year	127,769,687	127,769,687	115,522,684
Accumulated surplus, end of year	125,566,546	134,888,618	127,769,687

The accompanying notes are an integral part of these financial statements

County of Wetaskiwin No. 10
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2022

	2022 Budget (Note 23)	2022	<i>2021 Restated</i>
Excess (deficiency) of revenue over expenses	(2,203,141)	7,118,931	12,247,003
Acquisition of tangible capital assets	(4,574,000)	(13,603,572)	(16,051,574)
Proceeds on disposal of tangible capital assets	-	434,450	689,323
Amortization of tangible capital assets	-	6,414,887	5,411,945
Gain on disposal of tangible capital assets	-	(134,677)	(541,483)
Acquisition of prepaids	-	(13,722)	(11,054)
Use (acquisition) of inventory for consumption	-	1,101,518	(1,558,858)
Increase (decrease) in net financial assets	(6,777,141)	1,317,815	185,302
Net financial assets, beginning of year, as previously stated	14,746,126	14,746,126	15,569,687
Correction of errors (Note 26)	-	2,198,354	1,189,491
Net financial assets, beginning of year, as restated	14,746,126	16,944,480	16,759,178
Net financial assets, end of year	7,968,985	18,262,295	16,944,480

The accompanying notes are an integral part of these financial statements

County of Wetaskiwin No. 10
Consolidated Statement of Cash Flows
For the year ended December 31, 2022

	2022	2021 <i>Restated</i>
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	7,118,931	12,247,003
Non-cash items:		
Amortization of tangible capital assets	6,414,887	5,411,945
Gain on disposal of tangible capital assets	(134,677)	(541,483)
Investment income earned	(203,865)	-
Change in gravel reclamation	357,148	272,484
Net change in non-cash operating working capital balances:		
Increase (decrease) in deferred revenue	(2,187,387)	2,216,360
Increase in prepaid expenses	(13,722)	(11,054)
Increase (decrease) in accounts payable and accrued liabilities	(185,036)	824,474
Increase (decrease) in employee benefits plan liability	8,337	(89,154)
Decrease in deposit liabilities	(419,428)	(1,005,553)
Decrease in trade and other accounts receivable	1,375,457	1,672,586
Decrease (increase) in property taxes receivable	(23,147)	21,269
Use (acquisition) of inventory for consumption	1,101,520	(1,558,859)
	13,209,018	19,460,018
Capital		
Proceeds on disposal of tangible capital assets	260,450	342,787
Acquisition of tangible capital assets	(13,716,847)	(15,710,674)
	(13,456,397)	(15,367,887)
Investing		
Acquisition of investments	(18,000,000)	-
Financing		
Net change in debt charges recoverable	(2,253,366)	(762,045)
Proceeds from long-term debt	2,626,150	1,092,160
Repayment of long-term debt	(372,784)	(330,115)
	-	-
Increase (decrease) in cash and equivalents	(18,247,379)	4,092,131
Cash and equivalents, beginning of year	33,134,955	29,042,824
Cash and equivalents, end of year (Note 2)	14,887,576	33,134,955

The accompanying notes are an integral part of these financial statements

County of Wetaksiwin No. 10
Schedule I - Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2022

	<i>Unrestricted Surplus (Deficit)</i>	<i>Restricted Operating Reserve</i>	<i>Restricted Capital Reserve</i>	<i>Equity in Tangible Capital Assets and Other Non-Financial Assets (Note 17)</i>	<i>2022</i>	<i>2021 Restated</i>
Balance, beginning of year, as previously stated	(9,110,867)	17,685,812	16,338,653	100,657,735	125,571,333	114,333,193
Correction of errors <i>(Note 26)</i>	-	-	-	2,198,354	2,198,354	1,189,491
Balance, beginning of year, as restated	(9,110,867)	17,685,812	16,338,653	102,856,089	127,769,687	115,522,684
Excess of revenue over expenses	7,118,931	-	-	-	7,118,931	12,247,003
Unrestricted funds designated for future use	(2,963,360)	2,007,864	955,496	-	-	-
Restricted funds for operations	2,002,572	(2,002,572)	-	-	-	-
Restricted funds used for tangible capital assets	-	-	(3,974,690)	3,974,690	-	-
Current year funds used for tangible capital assets	(9,628,882)	-	-	9,628,882	-	-
Disposal of tangible capital assets	299,772	-	-	(299,772)	-	-
Annual amortization expense	6,414,887	-	-	(6,414,887)	-	-
Change in accumulated surplus	3,243,920	5,292	(3,019,194)	6,888,913	7,118,931	12,247,003
Balance, end of year	(5,866,947)	17,691,104	13,319,459	109,745,002	134,888,618	127,769,687

The accompanying notes are an integral part of these financial statements

County of Wetaskiwin No. 10
Schedule II - Schedule of Tangible Capital Assets
For the year ended December 31, 2022

	<i>Construction in progress</i>	<i>Land</i>	<i>Utility Systems</i>	<i>Buildings</i>	<i>Roads & Bridges</i>	<i>Equipment</i>	<i>Vehicles</i>	<i>2022</i>	<i>2021</i>
Cost:									
Balance, beginning of year	1,383,526	3,822,852	30,190,026	10,382,641	159,297,734	14,691,680	11,371,551	231,140,009	216,408,447
Acquisition of tangible capital assets	9,147,558	-	-	-	3,388,484	701,238	366,292	13,603,572	16,051,574
Construction in progress	(518,479)	-	401,207	-	117,272	-	-	-	-
Disposal of tangible capital assets	-	(4)	-	-	-	(1,059,451)	(321,721)	(1,381,176)	(1,320,012)
Balance, end of year	10,012,605	3,822,848	30,591,233	10,382,641	162,803,490	14,333,467	11,416,122	243,362,405	231,140,009
Accumulated amortization:									
Balance, beginning of year	-	-	7,427,162	4,148,457	106,249,381	8,254,258	5,143,662	131,222,920	126,983,147
Annual amortization	-	-	631,034	214,080	3,572,163	1,350,741	646,869	6,414,887	5,411,945
Accumulated amortization on disposals	-	-	-	-	-	(847,421)	(233,983)	(1,081,404)	(1,172,172)
Balance, end of year	-	-	8,058,196	4,362,537	109,821,544	8,757,578	5,556,548	136,556,403	131,222,920
Net book value	10,012,605	3,822,848	22,533,037	6,020,104	52,981,946	5,575,889	5,859,574	106,806,002	99,917,089
2021 net book value	1,383,526	3,822,852	22,762,864	6,234,184	53,048,353	6,437,422	6,227,889	99,917,089	

During the year, tangible capital assets were acquired at an aggregate cost of \$13,603,572 (2021 - \$16,051,574), of which there was \$1,118,438 (2021 - \$1,412,489) in accounts payable at year end, \$174,000 (2021 - \$346,536) was acquired through a non-cash trade-in of equipment, \$6,775 (2021 - \$nil) was donated and the remaining \$13,716,848 (2021 - \$15,710,674) was acquired with cash. Proceeds on disposal of tangible capital assets is made up of \$434,450 (2021 - \$342,787) of cash and \$174,000 (2021 - \$346,536) of direct trade-in of equipment.

The accompanying notes are an integral part of these financial statements

County of Wetaskiwin No. 10
Schedule III - Schedule of Property Taxes Levied
For the year ended December 31, 2022

	2022 Budget (Note 23)	2022	<i>2021 Restated</i>
Taxation			
Real property taxes	18,458,699	19,798,257	18,568,739
Linear property taxes	10,140,652	10,259,244	10,469,428
Local improvement levies	-	2,407,629	1,092,160
	28,599,351	32,465,130	30,130,327
Requisitions			
Alberta Schools Foundation Fund	7,595,439	7,721,519	7,595,439
Wetaskiwin and Area Lodge Authority	556,150	622,537	556,150
Designated Industrial Property	52,886	51,114	52,886
Net municipal property taxes	20,394,876	24,069,960	21,925,852

The accompanying notes are an integral part of these financial statements

County of Wetaskiwin No. 10
Schedule IV - Schedule of Government Transfers
For the year ended December 31, 2022

	2022 Budget (Note 23)	2022	2021
Operating			
Provincial	1,428,387	766,199	908,155
Local	67,000	67,000	128,220
Federal	65,000	-	-
	1,560,387	833,199	1,036,375
Capital			
Provincial	35,665,814	4,156,537	8,944,710
Federal	2,119,987	-	820,396
	37,785,801	4,156,537	9,765,106
Total government transfers	39,346,188	4,989,736	10,801,481

The accompanying notes are an integral part of these financial statements

County of Wetaskiwin No. 10
Schedule V - Schedule of Expenses by Object
For the year ended December 31, 2022

	2022	2021
Salaries, wages and benefits	9,365,679	9,409,526
Amortization	6,414,884	5,411,942
Contracted and general services	5,582,232	5,910,255
Materials, goods and utilities	4,657,377	4,291,512
Transfers to individuals and organizations	1,859,729	1,714,342
Provision for allowances	374,095	1,234,226
Interest on long-term debt	325,207	302,605
	28,579,203	28,274,408

The accompanying notes are an integral part of these financial statements

County of Wetaskiwin No. 10
Schedule VI - Schedule of Segmented Disclosure
For the year ended December 31, 2022

	General Government	Protective Services	Public Works	Utilities	Family & Community Support Services	Recreation & Cultural Services	Planning & Development	Agriculture Services	Total
Revenue									
Net municipal property taxes	24,069,960	-	-	-	-	-	-	-	24,069,960
Government transfers	18,190	2,000	4,227,468	-	358,280	174,659	-	209,139	4,989,736
User fees and service charges	157,418	580,335	1,135,396	1,644,858	18,632	48,799	-	153,454	3,738,892
Other	639,813	47,840	417,629	-	-	-	(82,698)	-	1,022,584
Investment Income	693,595	-	-	-	-	-	-	-	693,595
Sales to other governments	171,888	-	-	465,226	-	-	-	-	637,114
Rental	33,232	-	-	-	-	-	201,136	-	234,368
Permits, licenses and fines	-	133,583	-	-	-	-	43,625	-	177,208
Gains and contributed assets	134,677	-	-	-	-	-	-	-	134,677
	25,918,773	763,758	5,780,493	2,110,084	376,912	223,458	162,063	362,593	35,698,134
Expenses									
Salaries, wages, and benefits	2,834,824	808,415	3,198,791	935,486	292,203	177,652	552,105	566,203	9,365,679
Contracted and general services	1,359,444	1,267,550	1,693,378	831,715	64,516	172,427	131,667	61,535	5,582,232
Material, goods and utilities	208,204	77,181	3,734,092	319,484	1,894	147,494	140	168,887	4,657,377
Transfers to other organizations	27,283	163,697	-	-	146,444	1,256,466	214,275	51,563	1,859,729
Provision for allowances	374,095	-	-	-	-	-	-	-	374,095
Interest on long-term debt	325,207	-	-	-	-	-	-	-	325,207
	5,129,057	2,316,843	8,626,261	2,086,685	505,057	1,754,039	898,187	848,188	22,164,319
Net revenue, before amortization	20,789,716	(1,553,085)	(2,845,768)	23,399	(128,145)	(1,530,581)	(736,124)	(485,595)	13,533,815
Amortization	229,815	233,172	5,290,348	645,453	-	16,096	-	-	6,414,884
Net surplus (deficit)	20,559,901	(1,786,257)	(8,136,116)	(622,054)	(128,145)	(1,546,677)	(736,124)	(485,595)	7,118,931

The accompanying notes are an integral part of these financial statements

1. Significant accounting policies

The consolidated financial statements of the County of Wetaskiwin No. 10 (the "County") are the representations of management prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the County are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue, expenses, and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the County and are, therefore, accountable to County Council for the administration of their financial affairs and resources, including Family and Community Support Services and the Wetaskiwin County Library Board.

The schedule of property taxes levied also includes requisitions for education and other external organizations that are not part of the municipal reporting entity.

The consolidated financial statements exclude trust assets that are administered for the benefit of external parties.

Basis of accounting

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

Measurement uncertainty (use of estimates)

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

Property taxes receivable and trade and other accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Gravel inventory and contaminated sites are valued using calculations which have some estimation involved. Accrued sick time for employees is based on historical utilization applied to total sick bank.

Pursuant to the *Environmental Protection and Enhancement Act* (Alberta), the County is required to fund the future reclamation of gravel pits. Closure activities include the final top soil cover, landscaping, and visual inspection. The requirement is being provided for based on the estimated costs and length of time until the site is expected to be inactive. Reclamation liability is valued using calculations which have significant estimates for future reclamation costs, inflation rate and the risk-free rate. The reclamation liability is an estimated cost to bring the gravel pit sites back to their original condition.

1. Significant accounting policies *(continued)*

Cash and equivalents

Cash and equivalents include balances with banks and short-term investments with maturities of three months or less.

Investments

Investments are recorded at 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.

Tax sale proceeds

Tax sale proceeds and the associated liabilities consist of the excess funds collected on the sale of seized properties put up for tax auction after outstanding property taxes were recovered. Under the *Municipal Government Act*, the County is required to hold these funds for up to 10 years and attempt to disperse them to the former property owners.

Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

Local improvement levies

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

Property tax requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual 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.

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the County is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2022.

1. Significant accounting policies *(continued)*

Liability for contaminated sites *(continued)*

At each financial reporting date, the County reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The County continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

During the year total contaminated site reclamation had an estimated value of \$750,000 (2021 - \$750,000).

Revenue recognition

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.

The County recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the County recognizes revenue as the liability is settled.

ii. Tax revenue

The County recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by Council, and the taxable event has occurred. Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the County evaluates the tax receivable for collectibility and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

iii. Utility service revenue

The County recognizes the provision of utility services as assets and revenue when they meet the definition of an asset and in the period the utility services are provided to the consumer.

iv. Fines and penalties

Traffic fine revenue is recorded as cash is received, which is not materially different than recording such revenue on an accrual basis.

v. Other revenue

Other sources of revenue are recorded when received or receivable.

1. Significant accounting policies *(continued)*

Non-financial assets

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale 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:

Buildings and land improvements	25 to 50 years
Equipment	1 to 30 years
Vehicles	5 to 25 years
Water and other utility systems	22 to 75 years
Roads and bridges	15 to 80 years

Half year rule is applied in the year of acquisition and no amortization is taken in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii. Contributions of tangible capital assets

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

iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as a operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventory for consumption

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

v. Prepaid expenses

Prepaid expenses include pre-payments on goods and services which will be utilized in the following fiscal year.

Segments

The County conducts its business through a number of reportable segments. These operating segments are established by senior management to facilitate the achievement of the County's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

County of Wetaskiwin No. 10
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

1. Significant accounting policies *(continued)*

Pensions

The County participates in a multi-employer defined benefit pension plan. The plan is accounted for as a defined contribution plan as the plan is administered independently from the County.

Future Accounting Standards

Effective for years beginning on or after April 1, 2022:

PS 3450 *Financial Instruments*, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives.

PS 3280 *Asset Retirement Obligations*, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of a liability for retirement of a tangible capital asset. As this standard includes solid waste landfill sites active and post-closing obligations upon adoption of this new standard, existing Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 will be withdrawn.

The extent of the impact on adoption of these future standards is not known at this time.

2. Cash and equivalents

	2022	2021
Petty cash	500	804
Cash balances	14,887,076	33,134,151
	14,887,576	33,134,955

3. Investment

	2022	2021
Investments	18,203,865	-
	18,203,865	-

The fixed income securities have yields from 1.67% to 2.88% and mature in periods 2029 through 2033. The market value of the investments at December 31, 2022 was \$16,894,050.

4. Property taxes receivable

	2022	2021
Current taxes	1,506,314	2,025,070
Arrears taxes	838,936	209,666
	2,345,250	2,234,736
Less allowance for doubtful accounts	(409,126)	(321,759)
	1,936,124	1,912,977

County of Wetaskiwin No. 10
Notes to the Consolidated Financial Statements
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5. Trade and other accounts receivable

	2022	2021
Due from governments	1,680,731	4,811,223
Trade and other receivables	1,400,533	950,218
Less allowance for doubtful accounts	(160,000)	(1,464,720)
	2,921,264	4,296,721

6. Tax sale proceeds

Tax sale proceeds and the associated liabilities consist of the excess funds collected on sale of seized properties put up for tax auction after outstanding property taxes were recovered. Under the *Municipal Government Act*, the county is required to hold these funds for up to 10 years and attempted to disperse them to the former property owners.

7. Debt charges recoverable

The County has borrowed and loaned funds to the Wetaskiwin and Area Lodge Authority ("WALA") in accordance with section 264 of the *Municipal Government Act*.

The debentures, totaling \$5,493,755 (2021 - \$5,786,623) plus interest at a rate of 4.39% (2021 - 4.389%), are recoverable in semi-annual blended instalments and mature in 2045.

The debt recoverable is secured by an assignment of insurance proceeds, an assignment of rents and leases, a general security agreement, land and buildings. WALA has the right to requisition its members, consisting of the County of Wetaskiwin, the City of Wetaskiwin and the Town of Millet for their annual shares of budgeted operating deficits and for their annual shares of the semi-annual debt recovery payments. The annual share is calculated annually based on the equalized assessment for that year.

The county has also passed a bylaw to impose speciality tax on residents to provide local improvements in the County. For local improvement levies, construction and borrowing costs associated with local improvement projects are recovered through annual special property assessments during the period of the related borrowing. Levies are collected from property owners for work performed by the County.

The debentures, totaling \$4,744,588 (2021 - \$2,198,354) plus interest at rates between 2.29% to 5.05% (2021 - 2.29% to 6.25%), are recoverable in semi-annual blended instalments and mature between 2035 and 2047.

County of Wetaskiwin No. 10
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

7. Debt charges recoverable (continued)

The estimated principal and interest repayments on debt recoverable over the next five and subsequent years are as follows:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	438,591	435,214	873,805
2024	457,610	416,195	873,805
2025	477,465	396,340	873,805
2026	498,195	375,610	873,805
2027	519,839	353,966	873,805
To maturity	7,846,643	2,965,540	10,812,183
	10,238,343	4,942,865	15,181,208

The gross interest received relating to the debt recoverable was \$322,858 (2021 - \$300,718).

8. Bank indebtedness

The County has a revolving line of credit with a maximum limit of \$5,000,000 and letter of credit for additional \$50,000. Interest accrues monthly on the outstanding balance at a rate of prime. The line of credit arrangement is reviewed annually by the bank with the most recent review date being September 2020. As at December 31, 2022, the prime rate was 6.45% (2021 - 2.45%).

As at December 31, 2022 the County had not drawn any funds (2021 - \$ nil) on the line of credit.

The line of credit is secured by borrowing bylaws pledging grants under the particular projects or tax revenues of the County.

9. Accounts payable and accrued liabilities

	<i>2022</i>	<i>2021</i>
Accounts payable and accrued liabilities	3,133,978	3,589,304
Payroll payables	52,159	69,142
	3,186,137	3,658,446

County of Wetaskiwin No. 10
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

10. Reclamation liability

Under Provincial legislation, the County is required to reclaim certain land used for the extraction of aggregate material. Reclamation requirements have been defined in accordance with industry standards and include re-vegetation of sites upon closure. The County owns and operates aggregate extraction sites. The aggregate is used for road maintenance and construction projects within the County. An amount of \$5,851,723 (2021 - \$5,494,575) has been accrued.

The reported liabilities are based on estimates and assumptions using the best information available at the end of the reporting period. Future events, such as changes to regulatory requirements, may result in significant changes to the estimated total liabilities and will be recognized prospectively, as a change in estimate, when applicable.

11. Employee benefits obligations

	<i>2022</i>	<i>2021</i>
Vacation accrual and other payroll accruals	339,460	305,164
Accrued sick leave	26,818	34,194
Overtime accrual	14,617	33,200
	380,895	372,558

12. Deferred revenue

	<i>2022</i>	<i>2021</i>
Municipal Sustainability Initiative	2,872,941	5,356,981
Alberta Community Resilience Program	1,743,923	1,752,239
Offsite levies and other	1,695,768	1,552,965
Canada Community Building Fund	1,126,967	712,802
Other	789,273	909,895
Subdivision gravel deposits	769,201	885,198
Agricultural services	192,077	188,235
Prepaid local improvement	56,408	60,753
Water rescue donations	38,181	53,058
	9,284,739	11,472,126

Included in the County's deferred revenue are government transfers and grant revenue which are restricted to eligible projects as approved under the funding agreements.

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Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

13. Long-term debt

	2022	<i>2021</i>
Self-supported debentures, due 2035 to 2047	4,744,588	2,198,354
Wetaskiwin and Area Lodge Authority	5,493,755	5,786,623
	10,238,343	7,984,977

Payments of interest and principal are due as follows:

	Principal	Interest	Total
2023	438,591	435,214	873,805
2024	457,610	416,195	873,805
2025	477,465	396,340	873,805
2026	498,195	375,610	873,805
2027	519,839	353,966	873,805
To maturity	7,846,643	2,965,540	10,812,183
	10,238,343	4,942,865	15,181,208

Debenture debt is repayable to the Province of Alberta and bears interest at rates ranging from 2.29% to 5.05% (2021 - 2.29% to 6.25%) per annum and mature in periods 2035 through 2047. The average annual interest rate is 3.86% (2021 - 3.55%). Debenture debt is issued on the credit and security of the County at large.

The County's cash payments for interest in 2022 were \$322,858 (2021 - \$300,718).

14. Debt limits

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the County be disclosed as follows:

	2022	<i>2021</i> <i>Restated</i>
Total debt limit	47,312,396	46,134,458
Total debt	10,238,343	7,984,977
Amount of debt limit unused	37,074,053	38,149,481
Service on debt limit	7,885,399	7,689,076
Service on debt	873,805	543,667
Amount of debt servicing limit unused	7,011,594	7,145,409

County of Wetaskiwin No. 10
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

14. Debt limits (continued)

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a 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.

15. Inventory for consumption

	2022	<i>2021</i>
Crushed gravel	4,528,501	5,656,040
Undeveloped gravel pits	4,200,735	4,200,735
Shop inventory	510,970	484,950
	9,240,206	<i>10,341,725</i>

16. Membership fee

The County acquired a non-controlling interest in West Dried Meat Lake Regional Solid Waste Authority on July 2, 1996. The purpose of the Authority is to administer and maintain a solid waste landfill. The non-controlling interest entitles the County to one vote in the operations of the Authority and the requirement to pay an annual requisition to deliver solid waste. There are currently five members, including the County. In case of dissolution, members are entitled to 20% of the remaining net assets of the Authority. The remaining net assets would be determined after settling all remaining environmental liability. The membership agreement has no expiry date.

The membership fee has been accounted for at historical cost.

17. Equity in tangible capital assets and other non-financial assets

	2022	<i>2021</i> <i>Restated</i>
Tangible capital assets (<i>Schedule II</i>)	243,362,405	231,140,009
Accumulated amortization (<i>Schedule II</i>)	(136,556,403)	(131,222,920)
Capital long-term debt (<i>Note 13</i>)	(4,744,588)	(2,198,354)
Debt charges recoverable (<i>Note 7</i>)	4,744,588	2,198,354
Other non-financial assets	2,939,000	2,939,000
	109,745,002	<i>102,856,089</i>

County of Wetaskiwin No. 10
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

18. Salary and benefits disclosure

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

	<i>Salary/ remuneration</i>	<i>Benefits & allowances</i>	<i>2022</i>	<i>2021</i>
John Bishop, Reeve	59,878	10,535	70,413	70,230
Dale Woitt, Councillor	52,133	13,710	65,843	66,265
Kathy Rooyakkers, Councillor	52,133	13,710	65,843	66,692
Lyle Seely, Deputy Reeve	52,133	13,710	65,843	66,692
Bill Krahn, Councillor	52,133	13,070	65,203	66,051
Ken Adair, Councillor	52,133	13,070	65,203	66,051
Lynn Marie Carwell	52,133	13,070	65,203	12,134
Terry Van de Kraat, Past Reeve	-	-	-	54,065
Rodney Hawken, CAO (*)	285,577	32,115	317,692	250,503
Designated Officers (5)	584,953	116,662	701,615	690,756

Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration. Benefits and allowances includes 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 and short-term disability plans, professional memberships and employer's share of the costs of additional taxable benefits.

(*) The CAO upcoming retirement required a one time payment of unused vacation accruals along with a retirement honorarium. The salary from 2021 to 2022 remained unchanged with a 0% cost of living increase for all staff and Council.

19. Local Authorities Pension Plan

Employees of the County 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 approximately 281,764 people and 435 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenses in the year in which they become due.

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

Total current service contributions by the County to the LAPP in 2022 were \$549,370 (2021 - \$618,219). Total current service contributions by the employees of the County to the Local Authorities Pension Plan in 2022 were \$495,371 (2021 - \$563,943).

At December 31, 2021, the date of the most recent actuarial valuation, the LAPP disclosed an actuarial surplus of \$11,922,000,000 (2020 - \$4,961,337,000).

County of Wetaskiwin No. 10
Notes to the Consolidated Financial Statements
For the year ended December 31, 2022

20. Segments

The County provides a range of services to its ratepayers. For each reported segment, the revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Refer to Schedule VI - Schedule of Segmented Disclosure.

21. Commitments and contingencies

The County has been named as a defendant in an action seeking damages from the County and other unrelated parties. These claims have been forwarded to the County's insurers who are defending the claims. No liability to the County is foreseen in any of these claims.

Capital commitments are not reflected in the financial statements. These capital commitments were included in the County's capital budget and will be funded from government transfers for capital, reserves, and debt in future years.

The County has entered into agreements related to cost shares and other contracts. The commitments over the next six years are as follows:

2023	\$3,215,913
2024	\$1,312,165
2025	\$332,444
2026	\$252,400
2027	\$51,861
Thereafter	\$2,117

22. Funds held in trust

The County performs administrative functions and held \$217,263 (2021 - \$501,357) in trust for the Joint Economic Development Initiative (JEDI), a society.

23. Budget information

The disclosed budget information was approved by Council. The following is a reconciliation between the budget approved and that showing in the financial statements:

	Budget
	2022
Approved budgeted net surplus	503
Operating and capital reserve transfers	(7,134,056)
Debenture principal payments	312,412
Capital purchases	4,574,000
Other adjustments	44,000
<hr/>	
Excess (deficiency) of revenue over expenses (<i>Statement of Operations</i>)	(2,203,141)

24. Significant event

In March 2020, the World Health Organization declared the outbreak of COVID-19 (coronavirus) a pandemic. This has had a significant impact on municipal government operations through the restrictions put in place by the Canadian and provincial governments as well as municipal governments regarding travel, isolation/quarantine orders, closures of County facilities, cancellation/postponement of programs and tax and utility deferral programs. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the County as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus, and the duration of the outbreak, including the duration of County facility closures, program and service disruptions, and isolation/quarantine measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

25. Comparative figures

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

26. Correction of errors

The County determined that it should record local improvement levies when the tax is authorized by Council through budget or bylaw and the taxable event has occurred.

The net effect of the correction of these errors are summarized as follows:

	December 31, 2021		
	Originally stated	Correction	Restated
Debt charges recoverable	5,786,623	2,198,354	7,984,977
Net financial assets	14,746,126	2,198,354	16,944,480
Opening accumulated surplus	114,333,193	1,189,491	115,522,684
Net municipal property taxes	20,916,989	1,008,863	21,925,852
Closing accumulated surplus	125,571,333	2,198,354	127,769,687