

WESTLOCK COUNTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation and presentation of the accompanying 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 responsibility for the integrity and fairness of the 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 financial statements.

The elected Reeve and Council of Westlock County are composed entirely of individuals who are neither management nor employees of the County. The Reeve and Council have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Reeve and Council are also responsible for the appointment of the County's external auditors.

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



Tony Kulbisky
Chief Administrative Officer



Peggy Hardinge
Director of Finance

April 25, 2023
Westlock, Alberta

INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of Westlock County

Opinion

We have audited the accompanying financial statements of Westlock County (the County), which comprise the statement of financial position as at December 31, 2022 and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2022, the results of its 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 *Auditors' Responsibilities for the Audit of the 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these 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 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 liquidate the County or 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.

(continues)

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 County's internal control.
- Evaluate the appropriateness of accounting policies 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 auditors' 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
April 25, 2023

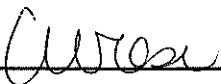
WESTLOCK COUNTY
Statement of Financial Position
As at December 31, 2022

	<u>2022</u>	<u>2021</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 5,635,059	\$ 13,087,223
Taxes and grants in place of taxes receivable (Note 4)	821,018	576,706
Trade and other receivables (Note 5)	1,919,756	3,030,279
Land held for resale inventory (County Industrial Park and Airport lots)	758,721	737,113
Local improvements receivable (Note 6)	74,511	84,369
Debt charges recoverable (Note 9)	5,162,601	5,486,484
Investments (Note 8)	<u>9,097,030</u>	<u>-</u>
	<u>23,468,696</u>	<u>23,002,174</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 10)	1,044,079	1,254,090
Deposit liabilities (Note 11)	172,300	47,700
Deferred revenue (Note 12)	2,097,759	2,962,933
Accrued wages payable (Note 13)	355,552	275,563
Long-term debt (Note 14)	<u>7,206,351</u>	<u>8,260,384</u>
	<u>10,876,041</u>	<u>12,800,670</u>
NET FINANCIAL ASSETS	<u>12,592,655</u>	<u>10,201,504</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	32,303,559	33,835,426
Inventory for consumption (Note 15)	2,700,619	2,115,120
Prepaid expenses	<u>465,738</u>	<u>438,324</u>
	<u>35,469,916</u>	<u>36,388,870</u>
ACCUMULATED SURPLUS (SCHEDULE 2, NOTE 16)	<u>\$ 48,062,571</u>	<u>\$ 46,590,374</u>

Contingencies (Note 19)

Commitments (Note 22)

ON BEHALF OF COUNCIL:





The accompanying notes are an integral part of these financial statements.

WESTLOCK COUNTY
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2022

	<u>2022</u> (Budget) (Note 24)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
REVENUE			
Net municipal taxes (Schedule 3)	\$ 11,790,863	\$ 11,756,670	\$ 11,627,528
Government transfers for operating (Schedule 4)	2,987,547	2,985,497	2,405,489
User fees and sales of goods	1,408,209	1,538,775	1,510,817
Investment income	106,500	417,007	126,242
Penalties and costs of taxes	319,105	361,817	266,080
Other	239,047	128,827	209,561
Licenses and permits	92,817	125,197	155,640
Development levies	<u>14,125</u>	<u>14,948</u>	<u>14,785</u>
	<u>16,958,213</u>	<u>17,328,738</u>	<u>16,316,142</u>
EXPENSES			
Transportation services	6,854,264	7,949,129	6,945,356
General administration services	2,084,183	2,019,514	1,580,201
Recreation services	1,101,567	1,000,125	944,649
Water services	509,838	874,902	830,476
Enforcement services	800,522	808,824	657,465
Planning and development services	730,202	728,117	641,745
Agriculture services	744,091	572,443	645,423
Fire protection services	532,921	563,402	603,040
Solid waste management services	698,120	541,753	546,106
Legislative services	426,607	371,933	331,259
Airport	187,662	233,228	207,145
Library	201,644	200,666	197,849
Family and Community Support Services	56,325	61,970	55,220
Wastewater treatment and disposal services	73,476	58,023	49,263
Disaster and emergency services	44,294	47,790	22,222
Cemetaries	<u>12,500</u>	<u>10,406</u>	<u>16,012</u>
	<u>15,058,216</u>	<u>16,042,225</u>	<u>14,273,431</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	<u>1,899,997</u>	<u>1,286,513</u>	<u>2,042,711</u>
OTHER INCOME			
Gain (loss) on disposal of tangible capital assets	-	170,248	(524,957)
Government transfers for capital (Schedule 4)	<u>874,182</u>	<u>15,436</u>	<u>2,601,908</u>
	<u>874,182</u>	<u>185,684</u>	<u>2,076,951</u>
ANNUAL SURPLUS	2,774,179	1,472,197	4,119,662
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>46,590,374</u>	<u>46,590,374</u>	<u>42,470,712</u>
ACCUMULATED SURPLUS, END OF YEAR (SCHEDULE 2, NOTE 16)	<u>\$ 49,364,553</u>	<u>\$ 48,062,571</u>	<u>\$ 46,590,374</u>

WESTLOCK COUNTY
Statement of Change in Net Financial Assets
For the Year Ended December 31, 2022

	<u>2022</u> (Budget) (Note 24)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
ANNUAL SURPLUS	\$ <u>2,774,179</u>	\$ <u>1,472,197</u>	\$ <u>4,119,662</u>
Acquisition of tangible capital assets	(5,288,240)	(417,664)	(6,058,565)
Proceeds on disposal of tangible capital assets	916,200	270,000	1,209,872
Amortization of tangible capital assets	-	1,849,779	1,759,986
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>(170,248)</u>	<u>524,957</u>
	<u>(4,372,040)</u>	<u>1,531,867</u>	<u>(2,563,750)</u>
Net change in prepaid expenses	-	(27,414)	(118,532)
Net change in inventory for consumption	<u>-</u>	<u>(585,499)</u>	<u>(526,897)</u>
	<u>-</u>	<u>(612,913)</u>	<u>(645,429)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(1,597,861)	2,391,151	910,483
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>10,201,504</u>	<u>10,201,504</u>	<u>9,291,021</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u><u>8,603,643</u></u>	\$ <u><u>12,592,655</u></u>	\$ <u><u>10,201,504</u></u>

WESTLOCK COUNTY
Statement of Cash Flows
For the Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Annual surplus	\$ 1,472,197	\$ 4,119,662
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	1,849,779	1,759,986
Loss (gain) on disposal of tangible capital assets	<u>(170,248)</u>	<u>524,957</u>
	<u>3,151,728</u>	<u>6,404,605</u>
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivables	(244,312)	(59,757)
Trade and other receivable	1,120,381	(1,712,727)
Land held for resale inventory	(21,608)	-
Accounts payable and accrued liabilities	(210,012)	192,467
Deposit liabilities	124,600	(71,088)
Deferred revenue	(865,174)	255,304
Accrued wages payable	79,989	70,005
Inventory for consumption	(585,499)	(526,897)
Prepaid expenses	<u>(27,414)</u>	<u>(118,532)</u>
	<u>(629,049)</u>	<u>(1,971,225)</u>
	<u>2,522,679</u>	<u>4,433,380</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt	-	1,839,000
Repayment of long-term debt	(1,054,032)	(1,119,556)
Long-term debt recovered	<u>323,883</u>	<u>313,391</u>
	<u>(730,149)</u>	<u>1,032,835</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(417,664)	(6,058,565)
Proceeds on disposal of tangible capital assets	<u>270,000</u>	<u>1,209,872</u>
	<u>(147,664)</u>	<u>(4,848,693)</u>
INVESTING ACTIVITIES		
Proceeds from sales of investments	1,006,455	-
Purchase of investments	<u>(10,103,485)</u>	<u>-</u>
	<u>(9,097,030)</u>	<u>-</u>
CHANGE IN CASH AND TEMPORARY INVESTMENTS, DURING THE YEAR	(7,452,164)	617,522
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>13,087,223</u>	<u>12,469,701</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR (NOTE 2)	\$ <u>5,635,059</u>	\$ <u>13,087,223</u>

WESTLOCK COUNTY
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2022

	<u>Land</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Utilities Engineered Structures</u>	<u>2022</u>	<u>2021</u>
COST:								
Balance, Beginning of Year	\$ 2,192,928	\$ 4,365,031	\$ 123,990,661	\$ 10,496,796	\$ 4,288,526	\$ 10,409,743	\$ 155,743,685	\$ 152,450,261
Additions	-	2,600	15,436	399,628	-	-	417,664	6,058,565
Disposals	-	-	(114,248)	-	(58,151)	-	(172,399)	(2,765,141)
Balance, End of Year	<u>2,192,928</u>	<u>4,367,631</u>	<u>123,891,849</u>	<u>10,896,424</u>	<u>4,230,375</u>	<u>10,409,743</u>	<u>155,988,950</u>	<u>155,743,685</u>
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	1,049,369	110,197,471	4,343,656	1,741,465	4,576,298	121,908,259	121,178,585
Amortization expense	-	84,781	664,808	524,391	213,870	361,929	1,849,779	1,759,986
Disposals	-	-	(20,311)	-	(52,336)	-	(72,647)	(1,030,312)
Balance, End of Year	-	<u>1,134,150</u>	<u>110,841,968</u>	<u>4,868,047</u>	<u>1,902,999</u>	<u>4,938,227</u>	<u>123,685,391</u>	<u>121,908,259</u>
NET BOOK VALUE, END OF YEAR	<u>\$ 2,192,928</u>	<u>\$ 3,233,481</u>	<u>\$ 13,049,881</u>	<u>\$ 6,028,377</u>	<u>\$ 2,327,376</u>	<u>\$ 5,471,516</u>	<u>\$ 32,303,559</u>	<u>\$ -</u>
NET BOOK VALUE, BEGINNING OF YEAR	<u>\$ 2,192,928</u>	<u>\$ 3,315,662</u>	<u>\$ 13,793,190</u>	<u>\$ 6,153,140</u>	<u>\$ 2,547,061</u>	<u>\$ 5,833,445</u>	<u>\$ -</u>	<u>\$ 33,835,426</u>

Included in Engineered Structures cost is work in progress of \$15,436 (2021 - \$NIL), in Machinery & Equipment cost is work in progress of \$182,130 (2021 - \$NIL) and in Buildings cost is work in progress of \$2,600 (2021 - \$NIL). These amounts are not amortized until the asset is completed and in use.

WESTLOCK COUNTY

Schedule of Changes in Accumulated Surplus

For the Year Ended December 31, 2022

	<u>Unrestricted Surplus</u>	<u>Operating Reserve</u>	<u>Capital Reserve</u>	<u>Equity in Tangible Capital Assets</u>	<u>2022</u>	<u>2021</u>
BALANCE, BEGINNING OF YEAR	\$ <u>2,410,132</u>	\$ <u>5,520,397</u>	\$ <u>7,598,319</u>	\$ <u>31,061,526</u>	\$ <u>46,590,374</u>	\$ <u>42,470,712</u>
Annual surplus	1,472,197	-	-	-	1,472,197	4,119,662
Current year funds designated for future equipment - net	(5,591,439)	3,011,781	2,579,658	-	-	-
Restricted funds transfer	1,774,330	(336,935)	(1,437,395)	-	-	-
Current year funds used for tangible capital assets	(417,664)	-	-	417,664	-	-
Disposal of tangible capital assets (net of amortization)	99,752	-	-	(99,752)	-	-
Annual amortization expense	1,849,779	-	-	(1,849,779)	-	-
Levied portion of debt recoverable - local improvements	323,883	-	-	(323,883)	-	-
Long term debt repaid	<u>(1,054,032)</u>	<u>-</u>	<u>-</u>	<u>1,054,032</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	<u>(1,543,194)</u>	<u>2,674,846</u>	<u>1,142,263</u>	<u>(801,718)</u>	<u>1,472,197</u>	<u>4,119,662</u>
BALANCE, END OF YEAR (NOTE 16)	\$ <u>866,938</u>	\$ <u>8,195,243</u>	\$ <u>8,740,582</u>	\$ <u>30,259,808</u>	\$ <u>48,062,571</u>	\$ <u>46,590,374</u>

Schedule of Property and Other Taxes

For the Year Ended December 31, 2022

	<u>2022</u> (Budget) (Note 24)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
TAXATION			
Residential & farmland property taxes	\$ 7,041,294	\$ 7,051,958	\$ 6,958,021
Linear and industrial property taxes	4,744,409	4,699,552	4,662,624
Alberta School Foundation levy	2,815,442	2,807,847	2,717,248
Homeland Housing (senior lodging) levy	588,753	614,487	588,575
Designated industrial property levy	10,000	9,730	9,736
Local improvements	<u>5,160</u>	<u>5,160</u>	<u>5,160</u>
	<u>15,205,058</u>	<u>15,188,734</u>	<u>14,941,364</u>
REQUISITIONS			
Alberta School Foundation	2,815,442	2,807,847	2,717,248
Homeland housing (senior lodging)	588,753	614,487	588,753
Designated industrial property	<u>10,000</u>	<u>9,730</u>	<u>7,835</u>
	<u>3,414,195</u>	<u>3,432,064</u>	<u>3,313,836</u>
NET MUNICIPAL TAXES	<u>\$ 11,790,863</u>	<u>\$ 11,756,670</u>	<u>\$ 11,627,528</u>

WESTLOCK COUNTY
Schedule of Government Transfers
For the Year Ended December 31, 2022

Schedule 4

	<u>2022</u> (Budget) (Note 24)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 2,931,491	\$ 2,929,441	\$ 2,333,761
Local governments	56,056	56,056	55,225
Federal government	<u>-</u>	<u>-</u>	<u>16,503</u>
	<u>2,987,547</u>	<u>2,985,497</u>	<u>2,405,489</u>
TRANSFERS FOR CAPITAL			
Provincial government	874,182	15,436	2,515,816
Federal government	<u>-</u>	<u>-</u>	<u>86,092</u>
	<u>874,182</u>	<u>15,436</u>	<u>2,601,908</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 3,861,729</u>	<u>\$ 3,000,933</u>	<u>\$ 5,007,397</u>

WESTLOCK COUNTY
Schedule of Segmented Information
For the Year Ended December 31, 2022

Schedule 5

	Legislative Administration and General Services	Fire, Safety and Enforcement Services	Planning, Development and Agricultural Services	FCSS and Cemetery Services	Airport and Transportation Services	Water Wastewater Treatment and Solid Waste Management	Recreation and Community Services	Total
REVENUE								
Taxation	\$ 11,751,510	\$ -	\$ -	\$ -	\$ -	\$ 5,160	\$ -	\$ 11,756,670
Government transfers	235,960	30,974	132,307	-	2,586,256	-	-	2,985,497
User fees and sales of goods	89,938	146,732	19,260	6,350	285,637	864,569	(126,289)	1,286,197
All other	349,116	45,691	88,250	-	4,277	18,258	-	505,592
Interest income	417,007	-	-	-	-	-	-	417,007
Licenses and permits	-	-	125,197	-	-	-	-	125,197
	<u>12,843,531</u>	<u>223,397</u>	<u>365,014</u>	<u>6,350</u>	<u>2,876,170</u>	<u>887,987</u>	<u>(126,289)</u>	<u>17,076,160</u>
EXPENSES								
Salaries, wages, and benefits	1,510,153	521,489	690,680	-	2,125,435	240,423	82,887	5,171,067
Materials, goods, supplies and utilities	181,074	177,753	237,990	-	3,317,778	247,920	12,391	4,174,906
Contracted and general services	525,352	543,946	311,591	10,406	1,492,553	605,668	320,323	3,809,839
Amortization of tangible capital assets	32,665	129,839	44,575	-	1,207,698	377,004	57,998	1,849,779
Transfers to other governments	366	35,434	-	61,970	-	-	513,295	611,065
Transfers to local boards and organizations	-	-	12,077	-	-	-	201,666	213,743
Other (recovery)	141,838	2,000	2,565	-	6,777	3,663	4,426	161,269
Interest on long term debt	-	10,556	-	-	32,116	-	7,885	50,557
	<u>2,391,448</u>	<u>1,421,017</u>	<u>1,299,478</u>	<u>72,376</u>	<u>8,182,357</u>	<u>1,474,678</u>	<u>1,200,871</u>	<u>16,042,225</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	<u>10,452,083</u>	<u>(1,197,620)</u>	<u>(934,464)</u>	<u>(66,026)</u>	<u>(5,306,187)</u>	<u>(586,691)</u>	<u>(1,327,160)</u>	<u>1,033,935</u>
Gain (loss) on disposal of tangible capital assets	-	-	-	-	170,248	-	-	170,248
Government transfers for capital	-	-	-	-	15,436	-	-	15,436
ANNUAL SURPLUS	<u>\$ 10,452,083</u>	<u>\$ (1,197,620)</u>	<u>\$ (934,464)</u>	<u>\$ (66,026)</u>	<u>\$ (5,120,503)</u>	<u>\$ (586,691)</u>	<u>\$ (1,327,160)</u>	<u>\$ 1,219,619</u>

The accompanying notes are an integral part of these financial statements.

WESTLOCK COUNTY
Schedule of Segmented Information
For the Year Ended December 31, 2021

Schedule 5

	Legislative Administration and General Services	Fire, Safety and Enforcement Services	Planning, Development and Agricultural Services	FCSS and Cemetary Services	Airport and Transportation Services	Water Wastewater Treatment, and Solid Waste Management	Recreation and Community Services	Total
REVENUE								
Taxation	\$ 11,622,368	\$ -	\$ -	\$ -	\$ -	\$ 5,160	\$ -	\$ 11,627,528
Government transfers	984,881	17,031	133,352	-	1,270,225	-	-	2,405,489
User fees and sales of goods	87,378	169,421	30,026	7,900	209,825	869,875	(136,392)	1,238,033
All other	277,144	53,427	119,863	-	31,313	8,679	-	490,426
Licenses and permits	-	-	155,640	-	-	-	-	155,640
Investment income	<u>126,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,242</u>
	<u>13,098,013</u>	<u>239,879</u>	<u>438,881</u>	<u>7,900</u>	<u>1,511,363</u>	<u>883,714</u>	<u>(136,392)</u>	<u>16,043,358</u>
EXPENSES								
Salaries, wages, and benefits	1,333,304	447,958	694,170	-	2,230,308	213,933	44,844	4,964,517
Materials, goods, supplies and utilities	204,706	183,575	237,084	262	2,670,071	227,983	13,634	3,537,315
Contracted and general services	546,463	450,200	294,997	15,750	1,101,207	614,823	307,457	3,330,897
Amortization of tangible capital assets	35,958	129,000	43,317	-	1,115,960	375,557	60,194	1,759,986
Transfers to other governments	955	48,500	-	55,220	-	-	501,012	605,687
Transfers to local boards and organizations	-	-	14,500	-	-	-	197,849	212,349
Interest on long term debt	-	11,412	-	-	25,466	-	12,335	49,213
Other (recovery)	<u>(209,926)</u>	<u>12,082</u>	<u>3,100</u>	<u>-</u>	<u>9,490</u>	<u>(6,453)</u>	<u>5,174</u>	<u>(186,533)</u>
	<u>1,911,460</u>	<u>1,282,727</u>	<u>1,287,168</u>	<u>71,232</u>	<u>7,152,502</u>	<u>1,425,843</u>	<u>1,142,499</u>	<u>14,273,431</u>
ANNUAL SURPLUS BEFORE OTHER INCOME	<u>11,186,553</u>	<u>(1,042,848)</u>	<u>(848,287)</u>	<u>(63,332)</u>	<u>(5,641,139)</u>	<u>(542,129)</u>	<u>(1,278,891)</u>	<u>1,769,927</u>
Government transfers for capital	-	15,439	-	-	2,414,285	172,184	-	2,601,908
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(524,957)</u>	<u>-</u>	<u>-</u>	<u>(524,957)</u>
ANNUAL SURPLUS	<u>\$ 11,186,553</u>	<u>\$ (1,027,409)</u>	<u>\$ (848,287)</u>	<u>\$ (63,332)</u>	<u>\$ (3,751,811)</u>	<u>\$ (369,945)</u>	<u>\$ (1,278,891)</u>	<u>\$ 3,846,878</u>

The accompanying notes are an integral part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Westlock County (the "County") are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues, expenses, and change in net financial assets and cash flows of the reporting entity. The entity is comprised of the municipal operations of the County and the Westlock Municipal Airport and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education and seniors foundations that are not part of the municipal reporting entity.

The financial statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods and 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.

(c) Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

(d) Investments

Investments are recorded at cost. 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.

(e) Pension Expenses

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

(f) Cash and temporary investments

Cash and temporary investments include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of three months or less at acquisition.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Tax Revenue

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

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

(h) Use of Estimates

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

The County has used estimates to determine an allowance for doubtful accounts, accrued liabilities, employment benefit obligations, and the useful lives of tangible capital assets.

(i) Government Transfers

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

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

(j) Requisition Over-Levies 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. In situations 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.

(k) Allowances for Operating and Physical Assets

Allowances for asset valuations are netted against the related asset. Increases in allowances are recorded as expenditures, while decreases in allowances are recorded as revenues.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

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 as follows:

Utility Engineering Structures	10 - 75 years
Buildings	50 years
Engineering Structures	10 - 75 years
Machinery & Equipment	4 - 50 years
Vehicles	5 - 25 years

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

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 operating leases and the related lease payments are charged to expenses as incurred.

iv) Inventory for Consumption

Inventory held for consumption is recorded at the lower of cost and replacement cost with cost determined using the average cost method.

v) Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

(m) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to the Canadian public sector accounting standards. The County will continue to assess the impact and prepare for the adoption of these standards.

i) Financial Statement Presentation

PS1201, *Financial Statement Presentation*, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2022.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Future Accounting Standard Pronouncements (Cont'd)

- ii) Foreign Currency Translation
PS 2601, *Foreign Currency Translation*, requires that monetary assets and liabilities denominated in foreign currency be adjusted to reflect the exchange rates in effect at the financial statement dates. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard must be adopted in conjunction with PS 2601 and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.
- i) Portfolio Investments
PS 3041, *Portfolio Investments*, has removed the distinction between temporary and portfolio investments and amended to conform to PS 3405. This standard must be adopted in conjunction with PS 1201, PS 2601, and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.
- iv) Financial Instruments
PS 3450, *Financial Instruments*, established recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivative and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.
- v) Asset Retirement Obligations
PS 3280, *Asset Retirement Obligations*, establishes standards on how to account and report for legal obligations associated with the retirement of certain tangible capital assets including solid waste landfill sites. As a result, PS 3270, *Solid Waste Landfill Closure and Post-Closure Liability* has been withdrawn but will remain in effect until the adoption of PS 3280. This standard is applicable for fiscal years beginning on or after April 1, 2022.
- vi) Revenue
PS 3400, *Revenue*, establishes standards on how to account for and report revenue differentiating between revenue arising from transactions that include performance obligations and transactions that do not. This standard is applicable for fiscal years beginning on or after April 1, 2023.
- vii) Purchased intangibles
PSG-8, *Purchased Intangibles*, guideline provides direction regarding the recognition, measurement, and disclosure of purchased intangible assets in relation to the conceptual framework for financial reporting in the public sector. This standard is applicable to fiscal years beginning on or after April 1, 2023.

WESTLOCK COUNTY
Notes to Financial Statements
Year Ended December 31, 2022

2. CASH AND TEMPORARY INVESTMENTS

	<u>2022</u>	<u>2021</u>
Temporary investments	\$ 5,552,975	\$ 5,410,178
Cash	<u>82,084</u>	<u>7,677,045</u>
	<u>\$ 5,635,059</u>	<u>\$ 13,087,223</u>

Council has designated funds of \$305,688 (2021 - \$208,815) for future recreation projects.

Temporary investments are short-term deposits with original maturities of three months or less bearing interest at rates of 4.00% (2021 - 0.85% to 0.95%) maturing during 2023.

3. CASH HELD IN TRUST

Cash held in trust consists of the excess of proceeds received over property taxes and applicable penalties owed on those properties sold for tax recovery. The *Municipal Government Act* requires that unpaid excess funds be held for a minimum period of ten years before the County can use the funds for its own purposes. The County has \$30,749 (2021 - \$30,064) of cash held in trust.

4. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	<u>2022</u>	<u>2021</u>
Current taxes	\$ 903,381	\$ 576,705
Arrears taxes	<u>769,459</u>	<u>735,177</u>
	1,672,840	1,311,882
Less: Allowance for doubtful accounts	<u>(851,822)</u>	<u>(735,176)</u>
	<u>\$ 821,018</u>	<u>\$ 576,706</u>

5. TRADE AND OTHER RECEIVABLES

	<u>2022</u>	<u>2021</u>
Provincial and federal grants receivable	\$ 1,587,565	\$ 2,551,153
Receivable from other governments	182,800	258,834
Trade and other	<u>165,834</u>	<u>257,336</u>
	1,936,199	3,067,323
Less: Allowance for doubtful accounts	<u>(16,443)</u>	<u>(37,044)</u>
	<u>\$ 1,919,756</u>	<u>\$ 3,030,279</u>

WESTLOCK COUNTY
Notes to Financial Statements
Year Ended December 31, 2022

6. LOCAL IMPROVEMENTS RECEIVABLE

The County passed Bylaw No. 15-2006 authorizing Council to provide for a local improvement to install a water supply pipeline and sanitary sewer distribution lines to the Hamlet of Dapp. The total cost of the local improvement was \$124,800; and is repayable in 20 annual installments of \$6,240 per annum maturing April 25, 2026.

7. DEBT CHARGES RECOVERABLE

	<u>2022</u>	<u>2021</u>
Homeland Housing	\$ 5,023,178	\$ 5,299,017
Westlock Seed Cleaning Co-op Ltd.	<u>139,423</u>	<u>187,467</u>
	<u>\$ 5,162,601</u>	<u>\$ 5,486,484</u>

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 306,550	\$ 173,739	\$ 480,289
2024	317,133	163,156	480,289
2025	328,082	152,207	480,289
2026	339,409	140,880	480,289
2027	351,127	129,162	480,289
Thereafter	<u>3,520,300</u>	<u>589,928</u>	<u>4,110,228</u>
	<u>\$ 5,162,601</u>	<u>\$ 1,349,072</u>	<u>\$ 6,511,673</u>

The County assumed debentures on behalf of Homeland Housing and Westlock Seed Cleaning Co-op Ltd. The County is not in a partnership with either entity on the capital projects but agreed to obtain the funding required by the entities and is fully reimbursed for both principal and interest payments.

The related debt is held by the Province of Alberta. The interest rates range from 2.226% to 3.411% and mature between 2023 and 2032.

The payments are not disclosed as revenues and expenses by the County as these loans are 100% recoverable from the entities.

8. INVESTMENTS

	<u>2022</u>	<u>2021</u>
Term deposits	\$ <u>9,097,030</u>	\$ _____

The term deposits bear interest at rates ranging from 4.10% to 4.60% and mature February 1, 2023 to October 4, 2023.

9. LINE OF CREDIT

The County has a \$3,000,000 revolving line of credit bearing interest at prime per annum and is due on demand. The line of credit was not in use as of December 31, 2022 (2021 - \$NIL). Collateral lodged in support of the line of credit includes cash held by the County, and a revolving line of credit agreement.

WESTLOCK COUNTY
Notes to Financial Statements
Year Ended December 31, 2022

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2022</u>	<u>2021</u>
Trade payables	\$ 964,635	\$ 1,175,682
Accrued interest payable	60,488	61,823
Other governments	<u>18,956</u>	<u>16,585</u>
	<u>\$ 1,044,079</u>	<u>\$ 1,254,090</u>

11. DEPOSIT LIABILITIES

	<u>2022</u>	<u>2021</u>
Road use deposit	\$ 171,500	\$ 47,000
Pickardville Lagoon security deposit	<u>800</u>	<u>700</u>
	<u>\$ 172,300</u>	<u>\$ 47,700</u>

12. DEFERRED REVENUE

Deferred revenue consists of the following amounts, which have been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related expenditures are incurred.

	<u>2021</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2022</u>
Canada Community Building Fund	\$ 840,503	\$ 457,953	\$ (10,395)	\$ 1,288,061
Municipal Sustainability Initiative	2,093,282	1,118,393	(2,530,200)	681,475
Alberta Community Partnerships	-	150,000	(25,062)	124,938
Other	<u>29,148</u>	<u>2,160</u>	<u>(28,023)</u>	<u>3,285</u>
	<u>\$ 2,962,933</u>	<u>\$ 1,728,506</u>	<u>\$ (2,593,680)</u>	<u>\$ 2,097,759</u>

13. ACCRUED WAGES PAYABLE

	<u>2022</u>	<u>2021</u>
Vacation and overtime	\$ 250,672	\$ 226,599
Regular wages payable	<u>104,880</u>	<u>48,964</u>
	<u>\$ 355,552</u>	<u>\$ 275,563</u>

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year. The County does not provide post-employment benefits to their employees.

WESTLOCK COUNTY
Notes to Financial Statements
Year Ended December 31, 2022

14. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Debenture debt supported by long term investment receivable from Homeland Housing, secured by a mortgage on the Pembina Supportive Housing building.	\$ 4,993,462	\$ 5,299,017
Debenture debt supported by general municipal levies.	2,043,750	2,773,900
Debenture debt supported by long term investment receivable from the Westlock Seed Cleaning Co-op Ltd., secured by a mortgage on the Co-op's buildings.	<u>169,139</u>	<u>187,467</u>
	<u>\$ 7,206,351</u>	<u>\$ 8,260,384</u>

The current portion of the long-term debt amounts to \$947,778 (2021 - \$1,054,033).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 947,778	\$ 207,930	\$ 1,155,708
2024	756,687	184,290	940,977
2025	731,825	167,064	898,889
2026	684,975	150,542	835,517
2027	384,120	135,374	519,494
Thereafter	<u>3,700,966</u>	<u>609,392</u>	<u>4,310,358</u>
	<u>\$ 7,206,351</u>	<u>\$ 1,454,592</u>	<u>\$ 8,660,943</u>

Debenture debt is repayable to the Province of Alberta and consists of nine amounts, bearing interest at rates ranging from 1.120% and 5.662% per annum maturing in the year 2025 and 2037 respectively.

Debenture debt is issued on the credit and security of the County at large.

Interest on long-term debt amounted to \$50,557 (2021 - \$49,213).

The County's total cash payments for interest is \$233,275 (2021 - \$243,986).

WESTLOCK COUNTY
Notes to Financial Statements
Year Ended December 31, 2022

15. INVENTORY FOR CONSUMPTION

	<u>2022</u>	<u>2021</u>
Gravel	\$ 2,208,602	\$ 1,700,539
Equipment parts and chemicals	<u>492,017</u>	<u>414,581</u>
	<u>\$ 2,700,619</u>	<u>\$ 2,115,120</u>

16. ACCUMULATED SURPLUS

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

	<u>2022</u>	<u>2021</u>
Unrestricted surplus	<u>\$ 866,938</u>	<u>\$ 2,410,132</u>
Restricted surplus		
Operating reserves	8,195,243	5,520,397
Capital reserves	<u>8,740,582</u>	<u>7,598,319</u>
	<u>16,935,825</u>	<u>13,118,716</u>
Equity in tangible capital assets	<u>30,259,808</u>	<u>31,061,526</u>
	<u>\$ 48,062,571</u>	<u>\$ 46,590,374</u>

17. 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:

	<u>2022</u>	<u>2021</u>
Total debt limit	\$ 25,993,107	\$ 24,474,213
Total debt	<u>7,206,351</u>	<u>8,260,384</u>
Amount of total debt limit unused	<u>\$ 18,786,756</u>	<u>\$ 16,213,829</u>
Debt servicing limit	\$ 4,332,185	\$ 4,079,036
Debt servicing	<u>1,155,708</u>	<u>1,287,308</u>
Amount of debt servicing limit unused	<u>\$ 3,176,477</u>	<u>\$ 2,791,728</u>

The debt limit is calculated at 1.50 times revenue of the County (as defined in the Alberta Regulation 255/2000) and the debt service limit is calculated as 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are a conservative guideline used by Alberta Municipal Affairs to identify municipalities that could be at a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the County. Rather, the financial statements must be interpreted as a whole.

18. LOCAL AUTHORITIES PENSION PLAN

Employees of the County participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

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

Total current and past service contributions made by the County to the LAPP in 2022 were \$303,809 (2021 - \$311,364). Total current and past service contributions made by the employees of the County to the LAPP in 2022 were \$270,324 (2021 - \$281,852).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.92 billion (2020 - \$4.96 billion).

19. CONTINGENCIES

Landfill closure and post-closure liability

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

The County owns a property where there was once a landfill. It has been determined by the engineering firm that monitors the site that higher than acceptable levels of leachate (chloride) migration. If left unattended, there is a potential for the leachate to get into the underground water that flows through that site.

To resolve the issue, in 2017 the County installed a system to capture the water in the affected area and pump it out on a regular basis. Continued monitoring is being performed to ensure that the system is working properly to remove any excess underground water to mitigate any leachate (chloride) migration issue.

20. COMMITMENTS

The County has a commitment to remediate the main gravel pit it utilizes for gravel extraction once the pit has been utilized to its full capacity. The timeline for the pit to be utilized is uncertain. The County estimates remediation costs to be approximately \$100,000. This amount has not been accrued in the financial statements given the amount and the timeline is uncertain.

At December 31, 2022, the County has set aside \$250,000 in reserves (2021 - \$225,000) to fund future gravel pit remediation costs.

WESTLOCK COUNTY
Notes to Financial Statements
Year Ended December 31, 2022

21. SALARIES AND BENEFITS DISCLOSURE

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

	<u>Salary (1)</u>	<u>Benefits, Travel and Allowances (2)</u>	<u>2022 Total</u>	<u>2021 Total</u>
Elected Officials (3):				
Division 1	\$ 37,016	\$ 5,947	\$ 42,963	\$ 7,271
Division 2	37,016	10,693	47,709	49,851
Division 3	37,016	9,702	46,718	7,747
Division 4	37,016	8,983	45,999	7,748
Division 5	37,016	7,085	44,101	43,355
Division 6	37,016	8,175	45,191	8,445
Division 7	40,718	10,611	51,329	8,417
Former Elected Officials				
Division 1	-	-	-	37,276
Division 3	-	-	-	37,299
Division 4	-	-	-	37,303
Division 7	-	-	-	37,301
	<u>\$ 262,814</u>	<u>\$ 61,196</u>	<u>\$ 324,010</u>	<u>\$ 282,013</u>
Chief Administrative Officer (4)	<u>\$ 262,006</u>	<u>\$ 46,016</u>	<u>\$ 308,022</u>	<u>\$ 176,066</u>

(1) Salary includes gross honoraria, regular base pay, bonuses, overtime, lump sum payments, and any other direct cash remuneration.

(2) Employer's share of all employee benefits, travel and allowances or payments made on behalf of employees including travel and subsistence, pension, health care, dental coverage, vision coverage, group life disability plans, professional memberships and tuition.

(3) The Reeve is elected from within Council on an annual basis. In 2022 the Division 7 elected official was elected Reeve (2021 - Division 7).

(4) The current and prior year figures includes the former and interim Chief Administrative Officer's salaries, severance and benefits.

WESTLOCK COUNTY
Notes to Financial Statements
Year Ended December 31, 2022

22. FINANCIAL INSTRUMENTS

The County's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, debt recoverable local improvements and long-term debt. It is management's opinion that the County is not exposed to significant interest, currency or credit risk arising from these financial instruments.

The County 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 County provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the County's credit risk.

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

23. SEGMENTED INFORMATION

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

24. BUDGET

The budget presented in these financial statements are based on the budget approved by Council on May 10, 2022. The County compiles a budget on a modified accrual basis. The budget expensed all tangible capital asset purchases rather than including amortization expense. The reconciliation below adjusts excess revenue over expenses to align with the budget process. It should not be used as a replacement for the statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

	<u>2022</u> (Budget)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
Annual surplus	<u>2,774,179</u>	<u>1,472,197</u>	<u>4,119,662</u>
Add:			
Amortization expense	-	1,849,779	1,759,986
Proceeds from long-term debt	1,550,000	-	1,839,000
Net transfers (to) from reserves	929,011	(3,817,109)	(1,045,951)
Proceeds on disposals of tangible capital assets	916,200	270,000	1,209,872
Long-term debt recovered	<u>-</u>	<u>323,883</u>	<u>313,391</u>
	<u>3,395,211</u>	<u>(1,373,447)</u>	<u>4,076,298</u>
Deduct:			
Principal debt repayments	881,150	1,054,032	1,119,556
Gain (loss) on disposal of tangible capital assets	-	170,248	(524,957)
Tangible capital asset purchases	<u>5,288,240</u>	<u>417,664</u>	<u>6,058,565</u>
	<u>6,169,390</u>	<u>1,641,944</u>	<u>6,653,164</u>
Results of Operations as Budgeted	\$ <u>-</u>	\$ <u>(1,543,194)</u>	\$ <u>1,542,796</u>

25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council and Management on April 25, 2023.