

**WESTLOCK COUNTY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**



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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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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.

A handwritten signature in black ink, appearing to be "Tony Kulbisky", written over a horizontal line.

Tony Kulbisky  
Chief Administrative Officer

A handwritten signature in blue ink, appearing to be "Peggy Hardinge", written over a horizontal line.

Peggy Hardinge  
General Manager of Corporate Services

April 23, 2024  
Westlock,  
Alberta

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## INDEPENDENT AUDITORS' REPORT

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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, 2023 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, 2023, 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.

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*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

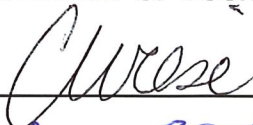

Edmonton, Alberta  
April 23, 2024

**WESTLOCK COUNTY**  
**Statement of Financial Position**  
**As at December 31, 2023**

	<u>2023</u>	<u>2022</u> (Restated) (Note 26)
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 11,127,485	\$ 5,635,059
Taxes and grants in place of taxes receivable (Note 4)	1,006,793	821,018
Trade and other receivables (Note 5)	1,400,159	1,919,756
Land held for resale inventory (County Industrial Park and Airport lots)	650,344	758,721
Local improvements receivable (Note 6)	64,653	74,511
Debt charges recoverable (Note 7)	4,856,051	5,162,601
Investments (Note 8)	<u>5,004,130</u>	<u>9,097,030</u>
	<u>24,109,615</u>	<u>23,468,696</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 10)	1,443,924	1,044,078
Deposit liabilities (Note 11)	327,400	172,300
Deferred revenue (Note 12)	1,879,553	2,097,759
Accrued wages payable (Note 13)	437,226	355,552
Long-term debt (Note 14)	7,722,373	7,206,351
Asset retirement obligations (Note 15)	<u>324,589</u>	<u>308,721</u>
	<u>12,135,065</u>	<u>11,184,761</u>
<b>NET FINANCIAL ASSETS</b>	<u>11,974,550</u>	<u>12,283,935</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	33,439,988	32,315,925
Inventory for consumption (Note 16)	2,731,586	2,700,619
Prepaid expenses	<u>509,013</u>	<u>465,738</u>
	<u>36,680,587</u>	<u>35,482,282</u>
<b>ACCUMULATED SURPLUS (SCHEDULE 2, NOTE 17)</b>	<u>\$ 48,655,137</u>	<u>\$ 47,766,217</u>

COMMITMENTS (Note 21)

ON BEHALF OF COUNCIL:

  
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**WESTLOCK COUNTY****Statement of Operations and Accumulated Surplus**

For the Year Ended December 31, 2023

	<u>2023</u> (Budget) (Note 25)	<u>2023</u> (Actual)	<u>2022</u> (Restated) (Note 26)
<b>REVENUE</b>			
Net municipal taxes (Schedule 3)	\$ 11,222,536	\$ <b>11,205,924</b>	\$ 11,756,670
User fees and sales of goods	1,383,172	<b>1,868,393</b>	1,538,775
Government transfers for operating (Schedule 4)	1,610,279	<b>1,674,196</b>	2,985,497
Investment income	451,200	<b>817,958</b>	417,007
Penalties and costs of taxes	260,553	<b>392,176</b>	361,817
Other	87,967	<b>188,484</b>	128,827
Licenses and permits	94,510	<b>153,139</b>	125,197
Development levies	<u>15,275</u>	<u><b>13,824</b></u>	<u>14,948</u>
	<u>15,125,492</u>	<u><b>16,314,094</b></u>	<u>17,328,738</u>
<b>EXPENSES</b>			
Transportation services	6,350,176	<b>7,127,259</b>	7,956,939
General administration services	1,974,679	<b>2,232,263</b>	2,025,356
Recreation services	1,242,318	<b>1,109,574</b>	1,000,934
Planning and development services	983,035	<b>1,066,689</b>	728,117
Enforcement services	975,727	<b>999,875</b>	808,824
Water services	515,880	<b>938,790</b>	875,425
Agriculture services	805,916	<b>660,028</b>	572,443
Fire protection services	458,090	<b>657,350</b>	564,012
Solid waste management services	705,294	<b>549,663</b>	541,753
Legislative services	397,031	<b>362,480</b>	371,933
Library	210,471	<b>210,471</b>	200,666
Airport	117,795	<b>147,683</b>	233,899
Family and Community Support Services	55,220	<b>72,431</b>	61,970
Wastewater treatment and disposal services	74,562	<b>50,747</b>	58,023
Disaster and emergency services	29,562	<b>41,147</b>	47,790
Cemeteries	<u>29,000</u>	<u><b>33,002</b></u>	<u>10,406</u>
	<u>14,924,756</u>	<u><b>16,259,452</b></u>	<u>16,058,490</u>
<b>ANNUAL SURPLUS BEFORE OTHER INCOME</b>	<u>200,736</u>	<u><b>54,642</b></u>	<u>1,270,248</u>
<b>OTHER INCOME</b>			
Government transfers for capital (Schedule 4)	-	<b>1,149,312</b>	15,436
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u><b>(315,034)</b></u>	<u>170,248</u>
	<u>-</u>	<u><b>834,278</b></u>	<u>185,684</u>
<b>ANNUAL SURPLUS</b>	<u>200,736</u>	<u><b>888,920</b></u>	<u>1,455,932</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	-	<b>48,062,571</b>	46,590,374
Restatement (Note 26)	<u>-</u>	<u><b>(296,354)</b></u>	<u>(280,089)</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATED</b>	<u>47,766,217</u>	<u><b>47,766,217</b></u>	<u>46,310,285</u>
<b>ACCUMULATED SURPLUS, END OF YEAR (SCHEDULE 2, NOTE 17)</b>	<u>\$ 47,966,953</u>	<u><b>\$ 48,655,137</b></u>	<u>\$ 47,766,217</u>

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

**WESTLOCK COUNTY**  
**Statement of Change in Net Financial Assets**  
**For the Year Ended December 31, 2023**

	<u>2023</u> (Budget) (Note 25)	<u>2023</u> (Actual)	<u>2022</u> (Restated) (Note 26)
<b>ANNUAL SURPLUS</b>	\$ <u>200,736</u>	\$ <u>888,920</u>	\$ <u>1,455,932</u>
Acquisition of tangible capital assets	-	(4,302,717)	(417,664)
Proceeds on disposal of tangible capital assets	-	995,438	270,000
Amortization of tangible capital assets	-	1,868,182	1,850,953
Loss (gain) on disposal of tangible capital assets	-	<u>315,034</u>	<u>(170,248)</u>
	-	<u>(1,124,063)</u>	<u>1,533,041</u>
Net change in prepaid expenses	-	(43,275)	(27,414)
Net change in inventory for consumption	-	<u>(30,967)</u>	<u>(585,499)</u>
	-	<u>(74,242)</u>	<u>(612,913)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	200,736	<b>(309,385)</b>	2,376,060
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>12,283,935</u>	<u>12,283,935</u>	<u>9,907,875</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ <u><u>12,484,671</u></u>	\$ <u><u>11,974,550</u></u>	\$ <u><u>12,283,935</u></u>

**WESTLOCK COUNTY**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 888,920	\$ 1,455,932
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	1,868,182	1,850,953
Asset retirement obligation accretion expense	15,867	15,093
Loss (gain) on disposal of tangible capital assets	<u>315,034</u>	<u>(170,248)</u>
	<u>3,088,003</u>	<u>3,151,730</u>
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivables	(185,775)	(244,312)
Trade and other receivable	529,455	1,120,381
Land held for resale inventory	108,377	(21,608)
Accounts payable and accrued liabilities	399,847	(210,014)
Deposit liabilities	155,100	124,600
Deferred revenue	(218,206)	(865,174)
Accrued wages payable	81,674	79,989
Inventory for consumption	(30,967)	(585,499)
Prepaid expenses	<u>(43,275)</u>	<u>(27,414)</u>
	<u>796,230</u>	<u>(629,051)</u>
	<u>3,884,233</u>	<u>2,522,679</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	1,463,800	-
Repayment of long-term debt	(947,778)	(1,054,032)
Long-term debt recovered	<u>306,550</u>	<u>323,883</u>
	<u>822,572</u>	<u>(730,149)</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(4,302,717)	(417,664)
Proceeds on disposal of tangible capital assets	<u>995,438</u>	<u>270,000</u>
	<u>(3,307,279)</u>	<u>(147,664)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	9,092,900	1,006,455
Purchase of investments	<u>(5,000,000)</u>	<u>(10,103,485)</u>
	<u>4,092,900</u>	<u>(9,097,030)</u>
<b>CHANGE IN CASH AND TEMPORARY INVESTMENTS, DURING THE YEAR</b>	<b>5,492,426</b>	<b>(7,452,164)</b>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<u>5,635,059</u>	<u>13,087,223</u>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR (NOTE 2)</b>	<b>\$ <u>11,127,485</u></b>	<b>\$ <u>5,635,059</u></b>



WESTLOCK COUNTY

Schedule of Tangible Capital Assets  
For the Year Ended December 31, 2023

	<u>Land</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Utilities Engineered Structures</u>	<u>2023</u>	<u>2022</u> (Restated) (Note 26)
<b>COST:</b>								
Balance, Beginning of Year	\$ 2,192,928	\$ 4,367,631	\$ 123,891,849	\$ 10,896,424	\$ 4,230,375	\$ 10,409,743	\$ 155,988,950	\$ 155,743,685
Restatement (Note 26)	-	24,177	29,241	-	-	-	53,418	53,418
Balance, Beginning of Year, as Restated	2,192,928	4,391,808	123,921,090	10,896,424	4,230,375	10,409,743	156,042,368	155,797,103
Additions	-	149,499	1,149,312	2,678,071	325,835	-	4,302,717	417,664
Disposals	-	-	-	(2,062,378)	(183,908)	-	(2,246,286)	(172,399)
Balance, End of Year	<u>2,192,928</u>	<u>4,541,307</u>	<u>125,070,402</u>	<u>11,512,117</u>	<u>4,372,302</u>	<u>10,409,743</u>	<u>158,098,799</u>	<u>156,042,368</u>
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, Beginning of Year	-	1,134,150	110,841,968	4,868,047	1,902,999	4,938,227	123,685,391	121,908,259
Restatement (Note 26)	-	21,215	19,837	-	-	-	41,052	39,878
Balance, Beginning of Year, as Restated	-	1,155,365	110,861,805	4,868,047	1,902,999	4,938,227	123,726,443	121,948,137
Amortization expense	-	86,769	672,011	530,908	216,565	361,929	1,868,182	1,850,953
Disposals	-	-	-	(802,856)	(132,958)	-	(935,814)	(72,647)
Balance, End of Year	-	<u>1,242,134</u>	<u>111,533,816</u>	<u>4,596,099</u>	<u>1,986,606</u>	<u>5,300,156</u>	<u>124,658,811</u>	<u>123,726,443</u>
<b>NET BOOK VALUE, END OF YEAR</b>	<b><u>\$ 2,192,928</u></b>	<b><u>\$ 3,299,173</u></b>	<b><u>\$ 13,536,586</u></b>	<b><u>\$ 6,916,018</u></b>	<b><u>\$ 2,385,696</u></b>	<b><u>\$ 5,109,587</u></b>	<b><u>\$ 33,439,988</u></b>	<b><u>\$ 32,315,925</u></b>
<b>NET BOOK VALUE, BEGINNING OF YEAR</b>	<b><u>\$ 2,192,928</u></b>	<b><u>\$ 3,236,443</u></b>	<b><u>\$ 13,059,285</u></b>	<b><u>\$ 6,028,377</u></b>	<b><u>\$ 2,327,376</u></b>	<b><u>\$ 5,471,516</u></b>	<b><u>\$ 32,315,925</u></b>	<b><u>\$ -</u></b>

Included in Engineered Structures cost is work in progress of \$650,390 (2022 - \$15,436), in Machinery & Equipment cost is work in progress of \$NIL (2022 - \$182,130) and in Buildings cost is work in progress of \$NIL (2022 - \$2,600). These amounts are not amortized until the asset is completed and in use.

## WESTLOCK COUNTY

## Schedule 2

## Schedule of Changes in Accumulated Surplus

For the Year Ended December 31, 2023

	Unrestricted Surplus	Operating Reserve	Capital Reserve	Equity in Tangible Capital Assets	2023	2022
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 866,938	\$ 8,195,243	\$ 8,740,582	\$ 30,259,808	\$ 48,062,571	\$ 46,590,374
Restatement (Note 26)	-	-	-	(296,354)	(296,354)	(280,089)
<b>BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	866,938	8,195,243	8,740,582	29,963,454	47,766,217	46,310,285
Annual surplus	888,920	-	-	-	888,920	1,455,932
Current year funds designated for future equipment - net	(1,481,493)	887,217	594,276	-	-	-
Restricted funds transfer	969,854	(158,863)	(810,991)	-	-	-
Asset retirement obligation accretion expense	15,867	-	-	(15,867)	-	-
Current year funds used for tangible capital assets	(4,302,717)	-	-	4,302,717	-	-
Disposal of tangible capital assets (net of amortization)	1,310,478	-	-	(1,310,478)	-	-
Annual amortization expense	1,868,182	-	-	(1,868,182)	-	-
Proceeds from long-term debt	1,463,800	-	-	(1,463,800)	-	-
Levied portion of debt recoverable - local improvements	306,550	-	-	(306,550)	-	-
Long-term debt repaid	(947,778)	-	-	947,778	-	-
Change in accumulated surplus	75,796	728,354	(216,715)	301,485	888,920	1,455,932
<b>BALANCE, END OF YEAR (NOTE 17)</b>	\$ 958,601	\$ 8,923,597	\$ 8,523,867	\$ 30,249,072	\$ 48,655,137	\$ 47,766,217

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

## Schedule of Property and Other Taxes

For the Year Ended December 31, 2023

	<u>2023</u> (Budget) (Note 25)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
<b>TAXATION</b>			
Residential & farmland property taxes	\$ 6,926,095	\$ <b>6,943,122</b>	\$ 7,051,958
Linear and industrial property taxes	4,291,281	<b>4,257,642</b>	4,699,552
Alberta School Foundation levy	2,963,620	<b>2,792,497</b>	2,807,847
Homeland Housing (senior lodging) levy	626,776	<b>671,088</b>	614,487
Designated industrial property levy	10,000	<b>9,592</b>	9,730
Local improvements	<u>5,160</u>	<u><b>5,160</b></u>	<u>5,160</u>
	<u>14,822,932</u>	<u><b>14,679,101</b></u>	<u>15,188,734</u>
<b>REQUISITIONS</b>			
Alberta School Foundation	2,963,620	<b>2,792,497</b>	2,807,847
Homeland housing (senior lodging)	626,776	<b>671,088</b>	614,487
Designated industrial property	<u>10,000</u>	<u><b>9,592</b></u>	<u>9,730</u>
	<u>3,600,396</u>	<u><b>3,473,177</b></u>	<u>3,432,064</u>
<b>NET MUNICIPAL TAXES</b>	<u><u>\$ 11,222,536</u></u>	<u><u>\$ <b>11,205,924</b></u></u>	<u><u>\$ 11,756,670</u></u>

WESTLOCK COUNTY  
 Schedule of Government Transfers  
 For the Year Ended December 31, 2023

Schedule 4

	<u>2023</u> (Budget) (Note 25)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 1,549,976	\$ <b>1,613,893</b>	\$ 2,929,441
Local governments	<u>60,303</u>	<u><b>60,303</b></u>	<u>56,056</u>
	<u>1,610,279</u>	<u><b>1,674,196</b></u>	<u>2,985,497</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	<u>-</u>	<u><b>1,149,312</b></u>	<u>15,436</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 1,610,279</u>	<u><b>\$ 2,823,508</b></u>	<u>\$ 3,000,933</u>

**WESTLOCK COUNTY**  
**Schedule of Segmented Information**  
**For the Year Ended December 31, 2023**

**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
<b>REVENUE</b>								
Taxation	\$ 11,205,924	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,205,924
User fees and sales of goods	168,880	164,430	316,321	3,825	189,172	895,256	130,509	1,868,393
Government transfers	424,278	18,306	169,712	-	1,060,303	-	5,062	1,677,661
Interest income	817,958	-	-	-	-	-	-	817,958
All other	376,630	125,773	36,140	-	4,895	27,141	20,440	591,019
Licenses and permits	-	-	153,139	-	-	-	-	153,139
	<u>12,993,670</u>	<u>308,509</u>	<u>675,312</u>	<u>3,825</u>	<u>1,254,370</u>	<u>922,397</u>	<u>156,011</u>	<u>16,314,094</u>
<b>EXPENSES</b>								
Salaries, wages, and benefits	1,667,151	589,185	767,575	-	2,082,454	224,446	115,525	5,446,336
Contracted and general services	654,262	717,340	652,595	33,002	1,260,630	664,927	341,133	4,323,889
Materials, goods, supplies and utilities	215,408	185,696	236,299	-	2,664,019	259,855	18,541	3,579,818
Amortization of tangible capital assets	27,664	141,079	45,587	-	1,215,030	382,372	56,450	1,868,182
Transfers to other governments	1,127	52,775	-	72,431	-	-	568,468	694,801
Transfers to local boards and organizations	-	-	20,863	-	-	-	211,671	232,534
Interest on long term debt	-	9,683	-	-	42,133	-	3,312	55,128
Other (recovery)	23,509	2,000	3,798	-	2,344	7,098	4,147	42,896
Accretion expense	5,622	614	-	-	8,333	502	797	15,868
	<u>2,594,743</u>	<u>1,698,372</u>	<u>1,726,717</u>	<u>105,433</u>	<u>7,274,943</u>	<u>1,539,200</u>	<u>1,320,044</u>	<u>16,259,452</u>
<b>ANNUAL SURPLUS BEFORE OTHER INCOME</b>	<u>10,398,927</u>	<u>(1,389,863)</u>	<u>(1,051,405)</u>	<u>(101,608)</u>	<u>(6,020,573)</u>	<u>(616,803)</u>	<u>(1,164,033)</u>	<u>54,642</u>
Government transfers for capital	-	-	-	-	1,149,312	-	-	1,149,312
Gain (loss) on disposal of tangible capital assets	-	-	-	-	(315,034)	-	-	(315,034)
	-	-	-	-	834,278	-	-	834,278
<b>ANNUAL SURPLUS</b>	<u>\$ 10,398,927</u>	<u>\$ (1,389,863)</u>	<u>\$ (1,051,405)</u>	<u>\$ (101,608)</u>	<u>\$ (5,186,295)</u>	<u>\$ (616,803)</u>	<u>\$ (1,164,033)</u>	<u>\$ 888,920</u>

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

WESTLOCK COUNTY

Schedule 5

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

	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 (Restated) (Note 26)
<b>REVENUE</b>								
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	1,538,775
All other	349,116	45,691	88,250	-	4,277	18,258	-	505,592
Investment 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>17,328,738</u>
<b>EXPENSES</b>								
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	542,862	312,673	10,406	1,492,555	605,668	320,323	3,809,839
Amortization of tangible capital assets	33,160	129,866	44,575	-	1,208,252	377,050	58,049	1,850,952
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
Accretion expense	5,347	584	-	-	7,926	477	758	15,092
	<u>2,397,290</u>	<u>1,420,544</u>	<u>1,300,560</u>	<u>72,376</u>	<u>8,190,839</u>	<u>1,475,201</u>	<u>1,201,680</u>	<u>16,058,490</u>
<b>ANNUAL SURPLUS BEFORE OTHER INCOME</b>	<u>10,446,241</u>	<u>(1,197,147)</u>	<u>(935,546)</u>	<u>(66,026)</u>	<u>(5,314,669)</u>	<u>(587,214)</u>	<u>(1,075,391)</u>	<u>1,270,248</u>
Gain (loss) on disposal of tangible capital assets	-	-	-	-	170,248	-	-	170,248
Government transfers for capital	-	-	-	-	15,436	-	-	15,436
	-	-	-	-	185,684	-	-	185,684
<b>ANNUAL SURPLUS</b>	<u>\$ 10,446,241</u>	<u>\$ (1,197,147)</u>	<u>\$ (935,546)</u>	<u>\$ (66,026)</u>	<u>\$ (5,128,985)</u>	<u>\$ (587,214)</u>	<u>\$ (1,075,391)</u>	<u>\$ 1,455,932</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) Investment Income**

Investment income includes interest income, and realized gains or losses on the sale of investments.

Realized gains and losses on disposal of investments are recorded in the County's accounts and are included in income on the statement of operations and accumulated surplus. Realized gains and losses on disposal of investments are determined on an average cost basis.

Investment income is reported as revenue in the period earned. When required by the funding government or related act, investment income earned on deferred revenue is added to the investment, and forms part of the deferred revenue balance.

**(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.

**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.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets, future cash flows associated with asset retirement obligations, and accrued liabilities are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

**(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.

(CONT'D)



**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(k) Asset Retirement Obligations**

Asset retirement obligations are legal obligations associated with the retirement tangible capital assets. Asset retirement activities include all activities related to an asset retirement obligation. These may include, but are not limited to:

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

Asset retirement obligations are initially measured at the later of the date of acquisition or legislative obligation. When a liability for an asset retirement obligation is recognized, the asset retirement costs are added to the carrying amount of the related tangible capital asset in productive use and are amortized over the estimated useful life of the related tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets or for tangible capital assets no longer in productive use are expensed in the consolidated statement of operations.

When the future retirement date is unknown, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. When the future retirement date is known, a present value technique is used to measure the liability. Subsequent to the initial measurement, the asset retirement obligation is adjusted to reflect the passage of time and changes in the estimated future cash flows underlying the obligation and is recognized as an accretion expense in the consolidated statement of operations.

**(l) 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.

**(m) Valuation of Financial Assets and Liabilities**

The County's financial assets and liabilities are generally measured as follows:

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and temporary investments	Cost
Receivables	Lower of cost and net realizable value
Debt recoverable - local improvements	Amortized cost
Investments	Fair value or amortized cost
Accounts payable and accrued liabilities	Cost
Accrued wages payable	Cost
Long-term debt	Amortized cost

All financial assets are annually assessed for impairment. If an impairment deemed other-than-temporary is identified, the cost of the financial asset is written down to its realizable value. Any impairment losses are included in the statement of operations and accumulated surplus. A write-down of a financial asset to reflect a loss in value is not reversed for a subsequent increase in value.

For financial assets and liabilities measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are expensed as they are incurred.

(CONT'D)

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(n) 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.

**(o) Remeasurement Gains and Losses**

Accumulated remeasurement gains and losses primarily represent the excess or shortfall of the fair value of the portfolio investments at period end over the cost of the portfolio investments. Changes in accumulated remeasurement gains and losses are recognized in the consolidated statement of remeasurement gains and losses. Changes in accumulated remeasurement gains and losses during the period include unrealized increases and decreases in fair value of the portfolio investments and realized gains and losses on the sale of the portfolio investments. When the portfolio investments are sold (derecognized), any accumulated unrealized gain or loss associated with the investment becomes realized and is included in the annual surplus (deficit) on the consolidated statement of operations and accumulated surplus.

(CONT'D)

**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(p) Change in Accounting Policies**

Effective January 1, 2023, the County adopted Canadian public sector accounting standards PS 2601 Foreign Currency Translation, PS 3401 Portfolio Investments, PS 3450 Financial Instruments and PS 1201 Financial Statement Presentation. Adoption of these standards had no effect on the County's financial statements.

**(q) 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) *Public Private Partnerships*

PS 3160, Public Private Partnerships, establishes standards on how to account for public private partnership arrangements (recognition of infrastructure assets and the corresponding liability to the private partnership) along with the disclosure and presentation requirements. This standard is applicable to fiscal years beginning on or after April 1, 2023.

ii) *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 to fiscal years beginning on or after April 1, 2023.

iii) *Purchasable Intangible Assets*

PSG-8, Purchased Intangible Assets, provides guidance regarding the recognition, measurement, and disclosure of purchased intangible assets in relation to the conceptual framework for financial reporting in the public sector. This guideline is applicable to fiscal years beginning on or after April 1, 2023.

iv) *Financial Statement Presentation*

PS 1202, Financial Statement Presentation, sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement principles are based on the concepts in the Conceptual Framework for Financial Reporting in the Public Sector. This standard is applicable to fiscal years beginning on or after April 1, 2026.

**WESTLOCK COUNTY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

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**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2023</u>	<u>2022</u>
Cash	\$ 6,388,958	\$ 82,084
Temporary investments	<u>4,738,527</u>	<u>5,552,975</u>
	<u>\$ 11,127,485</u>	<u>\$ 5,635,059</u>

Council has designated funds of \$325,917 (2022 - \$305,688) for future recreation projects.

Temporary investments are short-term deposits with original maturities of three months or less bearing interest at rates ranging between 5.55% and 5.85% (2022 - 4.00%) maturing during 2024.

**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 \$32,416 (2022 - \$30,749) of cash held in trust.

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

	<u>2023</u>	<u>2022</u>
Current taxes	\$ 850,436	\$ 903,381
Arrears taxes	<u>1,036,869</u>	<u>769,459</u>
	1,887,305	1,672,840
Less: Allowance for doubtful accounts	<u>(880,512)</u>	<u>(851,822)</u>
	<u>\$ 1,006,793</u>	<u>\$ 821,018</u>

**5. TRADE AND OTHER RECEIVABLES**

	<u>2023</u>	<u>2022</u>
Provincial and federal grants receivable	\$ 1,007,714	\$ 1,587,565
Trade and other	213,839	165,834
Receivable from other governments	<u>198,734</u>	<u>182,800</u>
	1,420,287	1,936,199
Less: Allowance for doubtful accounts	<u>(20,128)</u>	<u>(16,443)</u>
	<u>\$ 1,400,159</u>	<u>\$ 1,919,756</u>

**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.

**WESTLOCK COUNTY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

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**7. DEBT CHARGES RECOVERABLE**

	<u>2023</u>	<u>2022</u>
Homeland Housing	\$ <b>4,737,851</b>	\$ 5,023,178
Westlock Seed Cleaning Co-op Ltd.	<u>118,200</u>	<u>139,423</u>
	<u>\$ <b>4,856,051</b></u>	<u>\$ 5,162,601</u>

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2028	363,250	117,039	480,289
Thereafter	<u>3,157,050</u>	<u>476,995</u>	<u>3,634,045</u>
	<u>\$ 4,856,051</u>	<u>\$ 1,179,439</u>	<u>\$ 6,035,490</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 3.411% to 3.586% and mature between 2028 and 2036.

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

**WESTLOCK COUNTY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

**8. INVESTMENTS**

	<u>2023</u>	<u>2022</u>
Investments - amortized cost	\$ 4,354,130	\$ 9,097,030
Investments - fair value	<u>650,000</u>	<u>-</u>
	<u>\$ 5,004,130</u>	<u>\$ 9,097,030</u>

The composition of portfolio investments measured at amortized cost is as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Carrying value</u>	<u>Market value</u>	<u>Carrying value</u>	<u>Market value</u>
Fixed income securities	\$ 4,354,130	\$ 4,286,733	\$ -	\$ -
Term deposits	<u>-</u>	<u>-</u>	<u>9,097,030</u>	<u>9,097,030</u>
	<u>\$ 4,354,130</u>	<u>\$ 4,286,733</u>	<u>\$ 9,097,030</u>	<u>\$ 9,097,030</u>

The composition of portfolio investments measured at fair value is as follows:

	<u>2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Interest bearing securities</b>				
Other instruments	\$ <u>-</u>	\$ <u>650,000</u>	\$ <u>-</u>	\$ <u>650,000</u>
	<u>2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Interest bearing securities</b>				
Other instruments	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

The fair value measurements are those derived from:

**Level 1** - Quoted prices in active markets for identical assets.

**Level 2** - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3** - Fair value measurements are those derived from valuation techniques that include inputs for the assets that are not based on observable market data (i.e. unobservable inputs)

The fixed income securities have effective interest rates ranging from 2.01% to 5.35% (2022 - NIL% - to NIL%) with maturity dates from June 19, 2029 to June 30, 2033 (2022 - NIL).

The market value of the fixed income securities and principal protected notes are based on quoted market values. The market value of the fixed income securities and principal protected notes fluctuate with changes in market interest rates and indices. 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. Market values are based on market conditions at a certain point in time and as such, may not be reflective of the future fair values.

The term deposits bear interest at rates ranging from NIL% to NIL% (2022 - 4.10% to 4.60%) and mature NIL to NIL (2022 - February 1, 2023 to October 4, 2023).

**WESTLOCK COUNTY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

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**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, 2023 (2022 - \$NIL). Collateral lodged in support of the line of credit includes cash held by the County, and a revolving line of credit agreement.

**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2023</u>	<u>2022</u>
Trade payables	\$ 1,353,926	\$ 964,634
Accrued interest payable	78,464	60,488
Other governments	<u>11,535</u>	<u>18,956</u>
	<u>\$ 1,443,925</u>	<u>\$ 1,044,078</u>

**11. DEPOSIT LIABILITIES**

	<u>2023</u>	<u>2022</u>
Road use deposit	\$ 327,000	\$ 171,500
Pickardville Lagoon security deposit	<u>400</u>	<u>800</u>
	<u>\$ 327,400</u>	<u>\$ 172,300</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>2022</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2023</u>
Canada Community Building Fund	\$ 1,288,061	\$ 453,275	\$ (387,508)	\$ 1,353,828
Municipal Sustainability Initiative	681,475	1,123,869	(1,517,824)	287,520
Strategic Transportation Infrastructure Program	-	170,000	(50,916)	119,084
Alberta Community Partnerships	124,938	-	(18,306)	106,632
Other	<u>3,285</u>	<u>14,829</u>	<u>(5,625)</u>	<u>12,489</u>
	<u>\$ 2,097,759</u>	<u>\$ 1,761,973</u>	<u>\$ (1,980,179)</u>	<u>\$ 1,879,553</u>

**13. ACCRUED WAGES PAYABLE**

	<u>2023</u>	<u>2022</u>
Vacation and overtime	\$ 340,289	\$ 250,672
Regular wages payable	<u>96,937</u>	<u>104,880</u>
	<u>\$ 437,226</u>	<u>\$ 355,552</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, 2023**

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**14. LONG-TERM DEBT**

	<u>2023</u>	<u>2022</u>
Debenture debt supported by long term investment receivable from Homeland Housing, secured by a mortgage on the Pembina Supportive Housing building.	<b>\$ 4,856,051</b>	\$ 4,993,462
Debenture debt supported by general municipal levies.	<b>2,866,322</b>	2,043,750
This debenture was retired during the year.	<u>          -</u>	<u>169,139</u>
	<b><u>\$ 7,722,373</u></b>	<b><u>\$ 7,206,351</u></b>

The current portion of the long-term debt amounts to \$1,019,592 (2022 - \$947,778).

Principal and interest repayments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,019,592	\$ 258,573	\$ 1,278,165
2025	1,008,876	227,201	1,236,077
2026	976,932	195,773	1,172,705
2027	691,787	164,896	856,683
2028	721,468	135,215	856,683
Thereafter	<u>3,303,718</u>	<u>487,146</u>	<u>3,790,864</u>
	<b><u>\$ 7,722,373</u></b>	<b><u>\$ 1,468,804</u></b>	<b><u>\$ 9,191,177</u></b>

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 \$55,129 (2022 - \$50,557).

The County's total cash payments for interest is \$207,930 (2022 - \$233,275).



**15. ASSET RETIREMENT OBLIGATIONS**

Tangible capital assets with associated retirement obligations include land, land improvements, buildings, and engineered structures.

The County has asset retirement obligations to remove various hazardous materials including, asbestos, lead, mercury, and mold from various buildings under its control. Regulations require the County to handle and dispose of these materials in a prescribed manner when it is disturbed, such as when when the building undergoes renovations or is demolished. Although the timing of the removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the County to remove the materials when the asset retirement activities occur.

The County has asset retirement obligations pursuant to the *Environmental Enhancement and Protection Act* (Alberta) to fund the future reclamation of its work sites. Reclamation activities include the final soil cover, landscaping, and visual inspection. Although, the timing of the work site reclamation is conditional on the length of time until the site is expected to be inactive, regulations create an existing obligation for the County to reclaim the work site when the asset retirement activity occur.

	<u>2023</u>	<u>2022</u>
Balance, Beginning of Year	\$ 308,721	\$ 293,628
Net Change for the Year		
Accretion expense	<u>15,867</u>	<u>15,093</u>
Balance, End of Year	<u>\$ 324,588</u>	<u>\$ 308,721</u>

Asset retirement obligations of \$324,588 (2022 - \$308,721) includes measured using a present value technique. The present value was calculated using estimated total undiscounted cash flow amounting to \$361,000 (2022 - \$361,000), a discount rate of 5.14% (2022 - 5.14%), an annual inflation of 3.90% (2022 - 3.90%), with retirement and reclamation activities expected to be settled between 2025 and 2067.

**WESTLOCK COUNTY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

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**16. INVENTORY FOR CONSUMPTION**

	<u>2023</u>	<u>2022</u>
Gravel	\$ 2,186,567	\$ 2,208,602
Equipment parts and chemicals	<u>545,019</u>	<u>492,017</u>
	<u>\$ 2,731,586</u>	<u>\$ 2,700,619</u>

**17. ACCUMULATED SURPLUS**

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

	<u>2023</u>	<u>2022</u> (Restated) (Note 26)
Unrestricted surplus	\$ <u>958,601</u>	\$ <u>866,938</u>
Restricted surplus		
Operating reserves	8,923,597	8,195,243
Capital reserves	<u>8,523,867</u>	<u>8,740,582</u>
	<u>17,447,464</u>	<u>16,935,825</u>
Equity in tangible capital assets	<u>30,249,072</u>	<u>29,963,454</u>
	<u>\$ 48,655,137</u>	<u>\$ 47,766,217</u>

**18. 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>2023</u>	<u>2022</u>
Total debt limit	\$ 24,471,141	\$ 25,993,107
Total debt	<u>7,722,373</u>	<u>7,206,351</u>
Amount of total debt limit unused	<u>\$ 16,748,768</u>	<u>\$ 18,786,756</u>
Debt servicing limit	\$ 4,078,524	\$ 4,332,185
Debt servicing	<u>1,278,165</u>	<u>1,155,708</u>
Amount of debt servicing limit unused	<u>\$ 2,800,359</u>	<u>\$ 3,176,477</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.

## WESTLOCK COUNTY

### Notes to Financial Statements

Year Ended December 31, 2023

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#### 19. 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% (2022 - 8.45%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 12.23% (2022 - 12.80%) for the excess. Employees of the County are required to make current service contributions of 7.45% (2022 - 7.45%) of pensionable earnings up to the year's maximum pensionable earnings and 11.23% (2022 - 11.80%) on pensionable earnings above this amount.

Total current and past service contributions made by the County to the LAPP in 2023 were \$330,839 (2022 - \$303,809). Total current and past service contributions made by the employees of the County to the LAPP in 2023 were \$293,920 (2022 - \$270,324).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.67 billion (2021 - \$11.92 billion).

#### 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 been accrued in the financial statements as an asset retirement obligation.

At December 31, 2023, the County has set aside \$250,000 in reserves (2022 - \$250,000) to fund future gravel pit remediation costs.

#### 21. 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.

##### ***Credit Risk***

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 fulfil 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.

#### 22. 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.

**WESTLOCK COUNTY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

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**23. 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>	<b><u>2023 Total</u></b>	<u>2022 Total</u>
Elected Officials (3):				
Division 1	\$ 37,016	\$ 6,444	\$ <b>43,460</b>	\$ 42,963
Division 2	37,016	9,324	<b>46,340</b>	47,709
Division 3	37,016	8,979	<b>45,995</b>	46,718
Division 4	37,016	8,236	<b>45,252</b>	45,999
Division 5	37,016	7,903	<b>44,919</b>	44,101
Division 6	37,016	8,175	<b>45,191</b>	45,191
Division 7	<u>40,718</u>	<u>9,311</u>	<b><u>50,029</u></b>	<u>51,329</u>
	<u>\$ 262,814</u>	<u>\$ 58,372</u>	<b><u>\$ 321,186</u></b>	<u>\$ 324,010</u>
Chief Administrative Officer (4)	<u>\$ 211,042</u>	<u>\$ 37,720</u>	<b><u>\$ 248,762</u></b>	<u>\$ 308,022</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 2023 the Division 7 elected official was elected Reeve (2022 - Division 7).

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

**24. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and Management on April 23, 2024.

**WESTLOCK COUNTY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

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**25. BUDGET**

The budget presented in these financial statements are based on the budget approved by Council on April 25, 2023. 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>2023</u> (Budget)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
Annual surplus	<u>200,736</u>	<u>888,920</u>	<u>1,455,932</u>
Add:			
Amortization expense	-	<b>1,868,182</b>	1,850,953
Accretion expense	-	<b>15,867</b>	15,093
Proceeds from long-term debt		<b>1,463,800</b>	-
Net transfers (to) from reserves	439,247	<b>(511,639)</b>	(3,817,109)
Proceeds on disposals of tangible capital assets	-	<b>995,438</b>	270,000
Long-term debt recovered	-	<b>306,550</b>	<u>323,883</u>
	<u>439,247</u>	<u>4,138,198</u>	<u>(1,357,180)</u>
Deduct:			
Principal debt repayments	639,983	<b>947,778</b>	1,054,032
Gain (loss) on disposal of tangible capital assets	-	<b>(315,034)</b>	170,248
Tangible capital asset purchases	-	<b>4,302,717</b>	<u>417,664</u>
	<u>639,983</u>	<u>4,935,461</u>	<u>1,641,944</u>
Results of Operations as Budgeted	<u>\$ -</u>	<u>\$ 91,657</u>	<u>\$ (1,543,192)</u>

**WESTLOCK COUNTY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

**26. RESTATEMENT - PS 3280 ASSET RETIREMENT OBLIGATION STANDARD ADOPTION**

Effective January 1, 2023, the County adopted Canadian public sector accounting standard 3280, *Asset Retirement Obligations*, and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

On January 1, 2022, the County recognized the following to conform to the new standard:

- Asset retirement obligation, adjusted for accumulated accretion to the effective date;
- Asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets in productive use;
- Accumulated amortization on the capitalized cost; and
- Adjustment to the opening balance of accumulated surplus.

The effect on the financial statements has been as follows:

	<u>As Previously Stated</u>	<u>Restatement</u>	<u>As Restated</u>
<b>Statement of financial position</b>			
<b>Assets</b>			
Cash and temporary investments	\$ 5,635,059	\$ -	\$ 5,635,059
Taxes and grants in place of taxes receivable	821,018	-	821,018
Trade and other receivables	1,919,756	-	1,919,756
Land held for resale inventory	758,721	-	758,721
Local improvements receivable	74,511	-	74,511
Debt charges recoverable	5,162,601	-	5,162,601
Investments	<u>9,097,030</u>	<u>-</u>	<u>9,097,030</u>
	<u>23,468,696</u>	<u>-</u>	<u>23,468,696</u>
<b>Liabilities</b>			
Accounts payable and other accrued liabilities	\$ 1,044,079	\$ -	\$ 1,044,079
Deposit liabilities	172,300	-	172,300
Deferred revenue	2,097,759	-	2,097,759
Accrued wages payable	355,552	-	355,552
Long-term debt	7,206,351	-	7,206,351
Asset retirement obligations	<u>-</u>	<u>308,721</u>	<u>308,721</u>
	<u>10,876,041</u>	<u>308,721</u>	<u>11,184,762</u>
<b>Net financial assets</b>	<u>12,592,655</u>	<u>(308,721)</u>	<u>12,283,934</u>
<b>Non-financial assets</b>			
Tangible capital assets	32,303,559	12,366	32,315,925
Inventory for consumption	2,700,619	-	2,700,619
Prepaid expenses	<u>465,738</u>	<u>-</u>	<u>465,738</u>
	<u>35,469,916</u>	<u>12,366</u>	<u>35,482,282</u>

(CONT'D)

**WESTLOCK COUNTY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2023**

**26. RESTATEMENT - PS 3280 ASSET RETIREMENT OBLIGATION STANDARD ADOPTION (CONT'D)**

**Statement of operations and accumulated surplus**

**Revenues**

Net municipal taxes	\$ 11,756,670	\$ -	\$ 11,756,670
Government transfers for operating	2,985,497	-	2,985,497
User fees and sales of goods	1,538,775	-	1,538,775
Investment income	417,007	-	417,007
Penalties and costs of taxes	361,817	-	361,817
Other	128,827	-	128,827
Licenses and permits	125,197	-	125,197
Development levies	14,948	-	14,948
	<u>17,328,738</u>	<u>-</u>	<u>17,328,738</u>

**Expenses**

Transportation services	7,949,129	7,810	7,956,939
General administration services	2,019,514	5,842	2,025,356
Recreation services	1,000,125	809	1,000,934
Water services	874,902	523	875,425
Enforcement services	808,824	-	808,824
Planning and development services	728,117	-	728,117
Agriculture services	572,443	-	572,443
Fire protection services	563,402	610	564,012
Solid waste management services	541,753	-	541,753
Legislative services	371,933	-	371,933
Airport	233,228	671	233,899
Library	200,666	-	200,666
Family and Community Support Services	61,970	-	61,970
Wastewater treatment and disposal services	58,023	-	58,023
Disaster and emergency services	47,790	-	47,790
Cemeteries	10,406	-	10,406
	<u>16,042,225</u>	<u>16,265</u>	<u>16,058,490</u>

**Annual surplus before other income** 1,286,513 (16,265) 1,270,248

**Other income**

Gain (loss) on disposal of tangible capital assets	170,248	-	170,248
Government transfers for capital	15,436	-	15,436
	<u>185,684</u>	<u>-</u>	<u>185,684</u>

**Annual surplus** \$ 1,472,197 \$ (16,265) \$ 1,455,932

**Accumulated surplus**

Accumulated surplus - Beginning of year	\$ 46,590,374	\$ (280,089)	\$ 46,310,285
Accumulated surplus - End of year	\$ 48,062,571	\$ (296,354)	\$ 47,766,217