

CITY OF WETASKIWIN
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the City of Wetaskiwin

Qualified Opinion

We have audited the accompanying consolidated financial statements of the City of Wetaskiwin (the "City"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, changes in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters discussed in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2023, and the results of its consolidated operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Canadian public sector accounting standard 3280, *Asset Retirement Obligations*, requires a liability be recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset. The City failed to adopt PS 3280 in the current year, which constitutes a departure from the requirements of Canadian public sector accounting standards. As the City did not perform an assessment of what, if any, implications there would be from the adoption of this accounting standard, we were not able to determine, as at and for the year ended December 31, 2023, the impact of this omission on the expenses, and annual surplus reported in the statement of operations, annual surplus reported in the statement of changes in net financial assets, and tangible capital assets, liabilities, and accumulated surplus reported on the statement of financial position.

We have been unable to obtain a listing of tangible capital assets that reconcile to the amounts recorded in the City's trial balance. Accordingly, we have been unable to obtain sufficient appropriate audit evidence about the carrying amount of the City's tangible capital assets as at December 31, 2023, amounting to \$190,099,459, and the amortization of tangible capital assets, \$5,739,720, for the year then ended. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded tangible capital assets and the elements making up the consolidated statement of operations and accumulated surplus, changes in net financial assets, and consolidated statement of cash flows.

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 Consolidated Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the City'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 City or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 City'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent Auditors' Report to the Mayor and Council of the City of Wetaskiwin (*continued*)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the City or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
August 26, 2024



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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



The elected Mayor and Council of the City of Wetaskiwin are composed entirely of individuals who are neither management nor employees of the City. The Mayor 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 Mayor and Council are also responsible for the appointment of the City's external auditors.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the consolidated 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 Mayor and Council and management to discuss their audit findings.

Sue Howard, CLGM, PL. Eng, PMP,
City Manager

Tolulope Maraiyesa, CPA, CGA, CLGM
Chief Financial Officer

CITY OF WETASKIWIN
Consolidated Statement of Financial Position
As at December 31, 2023

		<u>2023</u>	<u>2022</u> (Restated) (Note 26)
FINANCIAL ASSETS			
Cash and cash equivalents	(Note 2)	\$ 22,342,507	\$ 18,084,257
Taxes and grants in place of taxes receivable	(Note 3)	2,346,282	2,204,219
Trade and other receivables	(Note 4)	8,044,862	8,494,083
Investments	(Note 5)	9,500,165	9,304,033
Land held for resale		243,285	1,198,887
Investment in Peace Hills Utilities Inc.	(Note 6)	<u>12,535,722</u>	<u>8,555,091</u>
		<u>55,012,823</u>	<u>47,840,570</u>
LIABILITIES			
Accounts payable and accrued liabilities	(Note 8, 11)	7,183,841	9,248,364
Employee benefit obligation	(Note 9)	276,946	217,020
Deposit liabilities		561,238	579,888
Deferred revenue	(Note 10)	9,245,930	7,992,660
Landfill closure and post-closure liability	(Note 12)	678,321	576,895
Long-term debt	(Note 13)	<u>11,282,746</u>	<u>12,813,102</u>
		<u>29,229,022</u>	<u>31,427,929</u>
NET FINANCIAL ASSETS		<u>25,783,801</u>	<u>16,412,641</u>
NON-FINANCIAL ASSETS			
Tangible capital assets	(Schedule 6)	190,099,459	158,411,739
Prepaid expenses		298,663	145,755
Inventory for consumption		<u>153,129</u>	<u>167,684</u>
		<u>190,551,251</u>	<u>158,725,178</u>
ACCUMULATED SURPLUS		<u>\$216,335,052</u>	<u>\$175,137,819</u>
Accumulated Surplus consists of:			
Accumulated surplus from operations	(Schedule 1, Note 15)	\$216,379,830	\$175,137,819
Accumulated remeasurement losses		<u>(44,778)</u>	<u>-</u>
		<u>\$216,335,052</u>	<u>\$175,137,819</u>
CONTINGENT LIABILITIES	(Note 19)		
CONTRACTUAL OBLIGATIONS	(Note 20)		
APPROVED ON BEHALF OF COUNCIL:			
			
Mayor		Councillor	

CITY OF WETASKIWIN
Consolidated Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2023

		<u>2023</u> (Budget) (Note 23)	<u>2023</u> (Actual)	<u>2022</u> (Restated) (Note 26)
REVENUE				
Net municipal property taxes	(Schedule 2)	\$ 18,156,130	\$ 18,598,849	\$ 16,767,970
Earnings of Peace Hills Utilities Inc.	(Note 6)	-	4,680,631	4,007,339
Government transfers for operating	(Schedule 3)	1,991,140	3,068,754	3,103,209
Franchise and concession contracts	(Note 17)	2,984,460	2,931,464	2,779,489
Sales and user charges		2,832,530	2,926,395	4,159,963
Other revenues		275,500	1,981,259	825,917
Investment income		250,000	1,249,810	645,309
Rentals		558,010	679,833	387,261
Penalties and costs on taxes		515,000	574,580	701,997
Licenses and permits		302,820	323,246	247,038
Fines		342,000	207,751	406,219
Development levies		-	-	2,431
		<u>28,207,590</u>	<u>37,222,572</u>	<u>34,034,142</u>
EXPENSES				
Protective services		8,095,990	7,898,004	7,552,745
Transportation		6,949,140	7,625,006	6,898,990
Parks and recreation		6,734,010	5,310,512	4,945,117
Administration		6,210,550	5,223,444	4,776,353
Planning and development		1,066,500	1,537,374	1,263,563
Water supply and distribution		108,000	1,324,687	2,148,593
Waste management		1,175,980	1,051,996	974,393
Culture		398,690	941,787	1,121,778
Family and community support		52,670	501,313	700,330
Wastewater treatment and disposal		-	428,922	998,887
Legislative		422,110	421,831	396,806
		<u>31,213,640</u>	<u>32,264,876</u>	<u>31,777,555</u>
ANNUAL SURPLUS BEFORE OTHER INCOME		<u>(3,006,050)</u>	<u>4,957,696</u>	<u>2,256,587</u>
OTHER INCOME				
Government transfers for capital	(Schedule 3)	565,000	4,803,234	13,576,771
Restructuring		-	-	6,592,254
Contributed tangible capital assets		-	31,729,356	505,231
Gain (loss) on disposal of tangible capital assets		-	(248,275)	(23,724)
		<u>565,000</u>	<u>36,284,315</u>	<u>20,650,532</u>
ANNUAL SURPLUS		<u>\$ (2,441,050)</u>	<u>41,242,011</u>	<u>22,907,119</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR			<u>175,137,819</u>	<u>152,230,700</u>
ACCUMULATED SURPLUS, END OF YEAR			<u>\$216,379,830</u>	<u>\$175,137,819</u>

CITY OF WETASKIWIN

Consolidated Statement of Change in Net Financial Assets

For The Year Ended December 31, 2023

	<u>2023</u> (Budget) (Note 23)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
ANNUAL SURPLUS	\$ <u>(2,441,050)</u>	\$ <u>41,242,011</u>	\$ <u>22,907,119</u>
Acquisition of tangible capital asset	-	(6,320,595)	(16,894,140)
Contributed tangible capital asset	-	(31,729,356)	(505,231)
Proceeds on disposal of tangible capital assets	-	209,388	500,373
Amortization of tangible capital assets	-	5,739,720	5,772,948
(Gain) loss on disposal of tangible capital assets	-	248,275	23,724
Tangible capital assets transferred to land held for resale	-	164,848	-
	-	<u>(31,687,720)</u>	<u>(11,102,326)</u>
Change in accumulated remeasurement gains (losses)	-	(44,778)	-
Net change in prepaid expenses	-	(152,908)	(27,280)
Net change in inventory for consumption	-	14,555	(43,929)
	-	<u>(183,131)</u>	<u>(71,209)</u>
CHANGE IN NET FINANCIAL ASSETS	(2,441,050)	9,371,160	11,733,584
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>16,412,641</u>	<u>16,412,641</u>	<u>4,679,057</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>13,971,591</u>	\$ <u>25,783,801</u>	\$ <u>16,412,641</u>

CITY OF WETASKIWIN**Consolidated Statement of Remeasurement Gains and Losses****For The Year Ended December 31, 2023**

	<u>2023</u>
ACCUMULATED REMEASUREMENT GAINS (LOSSES), BEGINNING OF YEAR	\$ -
Unrealized gain (loss) from adoption of PS 3450: Investments designated at fair value	(64,337)
Amounts reclassified to statement of operations: Investments designated at fair value	22,550
Unrealized gain (loss) attributable to: Investments designated at fair value	<u>(2,991)</u>
NET CHANGE FOR THE YEAR	<u>(44,778)</u>
ACCUMULATED REMEASUREMENT GAINS (LOSSES), END OF YEAR	\$ <u><u>(44,778)</u></u>

CITY OF WETASKIWIN
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Annual surplus	\$ 41,242,011	\$ 22,907,119
Non-cash items included in excess of revenue over expenses:		
Government business enterprise earnings	(4,680,631)	(4,007,339)
(Gain) loss on disposal of tangible capital assets	248,275	23,724
Amortization of tangible capital assets	5,739,720	5,772,948
Contributed tangible capital assets	(31,729,356)	(505,231)
Tangible assets transferred to land held for resale	164,848	-
Amortization of bond premium / discount	32,374	-
Changes in non-cash working capital balances:		
Taxes and grants in place of taxes receivable	(142,063)	(176,967)
Trade and other receivables	449,221	4,395,389
Land held for resale	955,602	217,944
Prepaid expenses	(152,908)	(27,280)
Inventory for consumption	14,555	(43,929)
Accounts payable and accrued liabilities	(2,064,523)	4,667,097
Employee benefit obligation	59,926	(46,661)
Deposit liabilities	(18,650)	(116,762)
Deferred revenue	1,253,270	(5,404,068)
Landfill closure and post-closure liability	101,426	(8,804)
	<u>11,473,097</u>	<u>27,647,180</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(6,320,595)	(16,894,140)
Proceeds on disposal of tangible capital assets	209,388	500,373
	<u>(6,111,207)</u>	<u>(16,393,767)</u>
INVESTING ACTIVITIES		
Capital contributions to Peace Hills Utilities Inc.	-	(4,547,752)
Proceeds from sale of investments	(273,284)	-
Dividends from Peace Hills Utilities Inc.	700,000	-
Purchase of investments	-	(3,836,019)
	<u>426,716</u>	<u>(8,383,771)</u>
FINANCING ACTIVITIES		
Long-term debt repayments	(1,530,356)	(7,519,773)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,258,250	(4,650,131)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>18,084,257</u>	<u>22,734,388</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	(Note 2) \$ <u>22,342,507</u>	\$ <u>18,084,257</u>

CITY OF WETASKIWIN

SCHEDULE 1

Schedule of Changes in Accumulated Surplus
For The Year Ended December 31, 2023

	<u>Unrestricted</u>	<u>Restricted Surplus</u>	<u>Equity in Tangible Capital Assets</u>	<u>2023</u>	<u>2022</u>
BALANCE, BEGINNING OF YEAR	\$ 2,139,769	\$ 26,634,035	\$ 146,364,015	\$ 175,137,819	\$ 152,230,700
Annual surplus	41,242,011	-	-	41,242,011	22,907,119
Earnings of Peace Hills Utilities Inc.	(4,680,631)	4,680,631	-	-	-
Purchase of tangible capital assets	(6,320,595)	-	6,320,595	-	-
Contributed tangible capital assets	(31,729,356)	-	31,729,356	-	-
Disposal of tangible capital assets	583,434	-	(583,434)	-	-
Annual amortization expense	5,739,720	-	(5,739,720)	-	-
Adjustments to tangible capital assets	39,077	-	(39,077)	-	-
Unrestricted funds designated for future use	(3,464,486)	3,464,486	-	-	-
Restricted funds utilized	2,024,856	(2,024,856)	-	-	-
Long-term debt repaid	(1,530,356)	-	1,530,356	-	-
Levied portion of debt recoverable	<u>(398,248)</u>	<u>-</u>	<u>398,248</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 3,645,195</u>	<u>\$ 32,754,296</u>	<u>\$ 179,980,339</u>	<u>\$ 216,379,830</u>	<u>\$ 175,137,819</u>

Schedule of Property Taxes Levied

For The Year Ended December 31, 2023

	<u>2023</u> (Budget) (Note 22)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
TAXATION			
Real property taxes	\$ 22,070,730	\$ 21,929,330	\$ 20,632,365
Special assessments and local improvement plans	900	455,396	-
Linear property taxes	314,660	393,145	365,627
Government grants-in-lieu of property taxes	<u>26,890</u>	<u>26,393</u>	<u>28,136</u>
	<u>22,413,180</u>	<u>22,804,264</u>	<u>21,026,128</u>
REQUISITIONS			
Alberta School Foundation Fund	3,660,800	3,552,681	3,640,795
St. Thomas Aquinas Roman Catholic Board	317,450	341,402	309,994
Wetaskiwin and area lodge authority	277,100	309,611	305,663
DIP Requisition	1,700	1,721	1,706
	<u>4,257,050</u>	<u>4,205,415</u>	<u>4,258,158</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 18,156,130</u>	<u>\$ 18,598,849</u>	<u>\$ 16,767,970</u>

Schedule of Government Transfers

For The Year Ended December 31, 2023

	<u>2023</u> (Budget) (Note 22)	<u>2023</u> (Actual)	<u>2022</u> (Actual)
TRANSFERS FOR OPERATING			
Provincial government	\$ 1,450,040	\$ 1,960,885	\$ 2,153,679
Local government	501,100	1,107,869	883,456
Federal government	<u>40,000</u>	<u>-</u>	<u>66,074</u>
	<u>1,991,140</u>	<u>3,068,754</u>	<u>3,103,209</u>
TRANSFERS FOR CAPITAL			
Provincial government	325,000	4,719,700	13,576,771
Federal government	-	83,534	-
Local government	<u>240,000</u>	<u>-</u>	<u>-</u>
	<u>565,000</u>	<u>4,803,234</u>	<u>13,576,771</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 2,556,140</u>	<u>\$ 7,871,988</u>	<u>\$ 16,679,980</u>

CITY OF WETASKIWIN

SCHEDULE 4

Schedule of Segmented Disclosure

For The Year Ended December 31, 2023

	<u>Legislative</u>	<u>Administration</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Family and Community Support</u>	<u>Planning and Development</u>	<u>Parks and Recreation</u>	<u>Culture</u>	<u>Peace Hills Utilities Inc.</u>	<u>2023</u>
REVENUE											
Net municipal property taxes	\$ -	\$ 18,598,849	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,598,849
Government business earnings	-	-	-	-	-	-	-	-	-	4,680,631	4,680,631
Government transfers for operating	-	177,560	1,117,245	95,460	(18,679)	430,753	251,159	935,388	79,868	-	3,068,754
Franchise and concession contracts	-	2,924,259	-	-	-	-	-	7,205	-	-	2,931,464
Sales and user charges	-	48,229	49,332	4,311	1,964,009	98,496	2,127	733,306	26,585	-	2,926,395
Other revenues	600	114,679	100,969	74,929	1,046,155	24,503	346,264	269,088	4,072	-	1,981,259
Investment income	-	135,248	-	-	-	-	1,094,006	-	20,556	-	1,249,810
Rentals	-	-	145,732	-	-	-	-	534,101	-	-	679,833
Penalties and cost of taxes	-	574,580	-	-	-	-	-	-	-	-	574,580
Fines, licenses and permits	-	138,475	205,132	-	-	5,905	169,278	-	12,207	-	530,997
	<u>600</u>	<u>22,711,879</u>	<u>1,618,410</u>	<u>174,700</u>	<u>2,991,485</u>	<u>559,657</u>	<u>1,862,834</u>	<u>2,479,088</u>	<u>143,288</u>	<u>4,680,631</u>	<u>37,222,572</u>
EXPENSES											
Salaries, wages and benefits	345,271	2,913,960	2,099,975	2,008,700	685,966	196,841	976,565	2,488,699	460,143	-	12,176,120
Amortization	-	135,513	256,649	2,823,083	1,635,092	12,179	936	843,432	32,836	-	5,739,720
Contracted and general service	76,477	1,641,624	512,625	1,036,220	432,151	255,002	414,767	617,316	267,398	-	5,253,580
Purchase from other governments	-	-	4,793,943	-	-	-	-	-	-	-	4,793,943
Materials, goods, and utilities	83	121,162	158,026	1,756,123	34,567	7,569	21,792	1,009,851	123,806	-	3,232,979
Interest on long-term debt	-	41,424	74,988	555	12,714	-	-	321,724	-	-	451,405
Transfers to individuals and organizations	-	36,454	-	-	-	29,722	127,541	-	56,437	-	250,154
Bank charges and interest	-	16,573	1,798	325	5,115	-	-	29,490	1,167	-	54,468
Provision for allowances	-	202,893	-	-	-	-	-	-	-	-	202,893
Other expenses	-	113,841	-	-	-	-	(4,227)	-	-	-	109,614
	<u>421,831</u>	<u>5,223,444</u>	<u>7,898,004</u>	<u>7,625,006</u>	<u>2,805,605</u>	<u>501,313</u>	<u>1,537,374</u>	<u>5,310,512</u>	<u>941,787</u>	<u>-</u>	<u>32,264,876</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME	<u>(421,231)</u>	<u>17,488,435</u>	<u>(6,279,594)</u>	<u>(7,450,306)</u>	<u>185,880</u>	<u>58,344</u>	<u>325,460</u>	<u>(2,831,424)</u>	<u>(798,499)</u>	<u>4,680,631</u>	<u>4,957,696</u>
OTHER INCOME											
Government transfers for capital	-	-	-	3,065,098	760,897	-	-	977,239	-	-	4,803,234
Contributed tangible capital assets	-	-	58,287	-	31,521,069	150,000	-	-	-	-	31,729,356
Gain (loss) on disposal of tangible capital assets	-	-	(198,217)	(44,351)	-	-	10,978	(16,685)	-	-	(248,275)
	<u>-</u>	<u>-</u>	<u>(139,930)</u>	<u>3,020,747</u>	<u>32,281,966</u>	<u>150,000</u>	<u>10,978</u>	<u>960,554</u>	<u>-</u>	<u>-</u>	<u>36,284,315</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (421,231)</u>	<u>\$ 17,488,435</u>	<u>\$ (6,419,524)</u>	<u>\$ (4,429,559)</u>	<u>\$ 32,467,846</u>	<u>\$ 208,344</u>	<u>\$ 336,438</u>	<u>\$ (1,870,870)</u>	<u>\$ (798,499)</u>	<u>\$ 4,680,631</u>	<u>\$ 41,242,011</u>

The accompanying notes are an integral part of the consolidated financial statements.

CITY OF WETASKIWIN
Schedule of Segmented Disclosure
For The Year Ended December 31, 2022

SCHEDULE 5

	<u>Legislative</u>	<u>Administration</u>	<u>Protective Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Family and Community Support</u>	<u>Planning and Development</u>	<u>Parks and Recreation</u>	<u>Culture</u>	<u>Peace Hills Utilities Inc.</u>	2022 (Restated) (Note 26)
REVENUE											
Net municipal property taxes	\$ -	\$ 16,767,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,767,970
Sales and user charges	-	48,490	33,530	4,507	3,319,688	133,159	300	593,494	26,795	-	4,159,963
Government business earnings	-	-	-	-	-	-	-	-	-	4,007,339	4,007,339
Government transfers for operating	-	88,780	1,194,004	6,300	76,776	573,049	(39,131)	931,046	272,385	-	3,103,209
Franchise and concession contracts	-	2,769,624	-	-	-	-	-	9,865	-	-	2,779,489
Other revenues	-	22,982	159,216	100,018	457,606	1,991	20,086	56,304	10,145	-	828,348
Penalties and cost of taxes	-	631,092	-	-	70,905	-	-	-	-	-	701,997
Fines, licenses and permits	-	82,350	400,414	-	-	4,456	154,172	-	11,865	-	653,257
Investment income	-	34,863	-	-	-	-	610,260	-	186	-	645,309
Rentals	-	-	65,420	-	-	-	(3,000)	324,841	-	-	387,261
	<u>-</u>	<u>20,446,151</u>	<u>1,852,584</u>	<u>110,825</u>	<u>3,924,975</u>	<u>712,655</u>	<u>742,687</u>	<u>1,915,550</u>	<u>321,376</u>	<u>4,007,339</u>	<u>34,034,142</u>
EXPENSES											
Salaries, wages and benefits	347,566	2,084,056	2,020,539	1,904,798	675,751	236,395	919,335	2,348,487	563,581	-	11,100,508
Amortization	-	134,410	241,149	2,740,373	1,744,786	12,179	1,535	847,844	50,672	-	5,772,948
Contracted and general service	49,178	2,022,642	445,254	679,226	739,131	109,164	283,789	447,962	263,539	-	5,039,885
Purchase from other governments	-	-	4,577,284	-	-	-	-	-	-	-	4,577,284
Materials, goods, and utilities	62	287,846	177,795	1,553,057	754,507	118,245	24,051	935,952	185,078	-	4,036,593
Interest on long-term debt	-	50,327	89,444	21,536	203,407	-	-	340,911	-	-	705,625
Transfers to individuals and organizations	-	51,015	-	-	-	224,347	34,853	-	57,962	-	368,177
Bank charges and interest	-	40,918	1,280	-	4,291	-	-	23,961	946	-	71,396
Provision for allowances	-	54,659	-	-	-	-	-	-	-	-	54,659
Other expenses	-	50,480	-	-	-	-	-	-	-	-	50,480
	<u>396,806</u>	<u>4,776,353</u>	<u>7,552,745</u>	<u>6,898,990</u>	<u>4,121,873</u>	<u>700,330</u>	<u>1,263,563</u>	<u>4,945,117</u>	<u>1,121,778</u>	<u>-</u>	<u>31,777,555</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME	<u>(396,806)</u>	<u>15,669,798</u>	<u>(5,700,161)</u>	<u>(6,788,165)</u>	<u>(196,898)</u>	<u>12,325</u>	<u>(520,876)</u>	<u>(3,029,567)</u>	<u>(800,402)</u>	<u>4,007,339</u>	<u>2,256,587</u>
OTHER INCOME											
Government transfers for capital	-	-	-	1,510,130	11,778,895	-	-	287,746	-	-	13,576,771
Restructuring	-	-	-	-	6,592,254	-	-	-	-	-	6,592,254
Contributed tangible capital assets	-	-	-	-	505,231	-	-	-	-	-	505,231
Gain (loss) on disposal of tangible capital assets	-	-	(81,348)	(152,925)	-	-	211,972	(1,423)	-	-	(23,724)
	<u>-</u>	<u>-</u>	<u>(81,348)</u>	<u>1,357,205</u>	<u>18,876,380</u>	<u>-</u>	<u>211,972</u>	<u>286,323</u>	<u>-</u>	<u>-</u>	<u>20,650,532</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (396,806)</u>	<u>\$ 15,669,798</u>	<u>\$ (5,781,509)</u>	<u>\$ (5,430,960)</u>	<u>\$ 18,679,482</u>	<u>\$ 12,325</u>	<u>\$ (308,904)</u>	<u>\$ (2,743,244)</u>	<u>\$ (800,402)</u>	<u>\$ 4,007,339</u>	<u>\$ 22,907,119</u>

The accompanying notes are an integral part of the consolidated financial statements.

Schedule of Tangible Capital Assets

For The Year Ended December 31, 2023

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Engineered Structures</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Construction in Progress¹</u>	<u>2023</u>	<u>2022</u>
COST:									
Balance, Beginning of Year	\$ 2,809,268	\$ 16,710,273	\$ 42,212,811	\$ 161,811,085	\$ 11,839,747	\$ 5,606,149	\$ 17,143,944	\$ 258,133,277	\$ 243,040,972
Additions	-	27,585	234,559	3,781,361	1,402,705	-	874,385	6,320,595	16,894,140
Contributed assets	-	150,000	58,287	-	-	-	31,521,069	31,729,356	505,231
Disposals	(28,003)	-	(908,125)	-	(491,895)	(585,582)	(201,651)	(2,215,256)	(2,307,066)
Transfers	-	-	62,164	1,017,550	72,132	-	(1,151,846)	-	-
Adjustments to tangible capital assets	-	-	-	(28,885)	-	-	-	(28,885)	-
Balance, End of Year	<u>2,781,265</u>	<u>16,887,858</u>	<u>41,659,696</u>	<u>166,581,111</u>	<u>12,822,689</u>	<u>5,020,567</u>	<u>48,185,901</u>	<u>293,939,087</u>	<u>258,133,277</u>
ACCUMULATED AMORTIZATION:									
Balance, Beginning of Year	-	11,516,872	11,920,189	65,353,404	7,458,486	3,472,587	-	99,721,538	95,731,559
Amortization	-	438,066	908,259	3,642,505	560,348	190,542	-	5,739,720	5,772,948
Disposals	-	-	(790,997)	-	(426,672)	(414,153)	-	(1,631,822)	(1,782,969)
Adjustments to tangible capital assets	-	-	2,454	-	7,738	-	-	10,192	-
Balance, End of Year	-	<u>11,954,938</u>	<u>12,039,905</u>	<u>68,995,909</u>	<u>7,599,900</u>	<u>3,248,976</u>	-	<u>103,839,628</u>	<u>99,721,538</u>
2023 NET BOOK VALUE	\$ <u>2,781,265</u>	\$ <u>4,932,920</u>	\$ <u>29,619,791</u>	\$ <u>97,585,202</u>	\$ <u>5,222,789</u>	\$ <u>1,771,591</u>	\$ <u>48,185,901</u>	\$ <u>190,099,459</u>	\$ -
2022 NET BOOK VALUE	\$ <u>2,809,268</u>	\$ <u>5,193,401</u>	\$ <u>30,292,622</u>	\$ <u>96,457,681</u>	\$ <u>4,381,261</u>	\$ <u>2,133,562</u>	\$ <u>17,143,944</u>	\$ -	\$ <u>158,411,739</u>
¹ Construction in progress is comprised of									
	\$ -	\$ 88,796	\$ 91,290	\$ 48,005,815	\$ -	\$ -	\$ -	\$ 48,185,901	\$ 17,143,944

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenue, and expenses, changes in net financial position and cash flows of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the City and are, therefore, accountable to Council for the administration of their financial affairs and resources.

Peace Hills Utilities Inc. ("PHUI"), a subsidiary corporation of the City, is accounted for on a modified equity basis, consistent with the public sector accounting treatment for a government business enterprise. Under the modified equity basis, the government business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. PHUI's other comprehensive income (loss) is recognized in the City's Consolidated Statement of Operations and Accumulated Surplus as an adjustment to accumulated surplus with a corresponding increase (decrease) in the investment in PHUI. PHUI's net income and capital contributions to PHUI from the City are recorded as an increase to the investment in PHUI. Any dividends that the City receives from PHUI are recorded as a decrease to the investment in PHUI.

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

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

(b) Basis of Accounting

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

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues and are reliably measured and reasonably estimated. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Expenses are recognized in the period the goods or services are acquired and a liability is incurred or transfers are due.

(c) Tax Revenue

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

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 City. 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.

(d) 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. 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.

(e) Government Transfers

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

Government transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(f) Pension Expenses

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

(g) Valuation of Financial Instruments

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

Financial Statement Component	Measurement
Cash and cash equivalents	Cost
Accounts receivable	Lower of cost and net recoverable value
Inventories for consumption	Lower of cost and replacement cost
Investments	Fair value and amortized cost
Land held for resale	Lower of cost and net realizable value
Accounts payable and accrued liabilities	Cost
Long-term debt	Amortized cost
Contaminated sites	Cost or present value
Landfill closure and post-closure provision	Cost or present value

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the consolidated statement of remeasurement gains and losses. Upon settlement, the cumulative gains or losses are reclassified from the consolidated statement of remeasurement gains and losses and recognized in the consolidated statement of operations and accumulated surplus. Interest and dividends attributable to financial instruments are reported in the consolidated statement of operations and accumulated surplus. When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations and accumulated surplus. A write-down of an investment to reflect a loss in value that is other than temporary is not reversed for a subsequent increase in value.

For financial assets and liabilities measured using amortized cost, the effective interest method is used to determine interest revenue or expense.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Management evaluates contractual obligations for the existence of embedded derivatives and elects to either designate the entire contract for fair value measurement or separately measure the value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself.

For financial instruments in the fair value measurement category, financial instruments are classified as level 1, 2, or 3 for the purposes of describing the basis of the inputs used to measure the fair value of the financial instrument, as described below:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

(h) Cash and Cash Equivalents

Cash and cash equivalents 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.

(i) Investments

Investments in interest bearing securities are recorded at amortized 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.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transaction costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations.

(j) Land Held For Resale

Land held for resale is recorded at the lower of cost or net realizable value. Costs include cost 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 functions.

(k) Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of the post-remediation including operation, maintenance, and monitoring.

(l) Landfill Closure And Post-Closure Liability

Pursuant to the *Environmental Enhancement and Protection Act* (Alberta), the City is required to fund the closure of its landfill sites and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill sites based on usage.

The annual provision is reported as an operating expense in solid waste and recycling services and the accumulated provision is reported as a liability on the Consolidated Statement of Financial Position.

(m) 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.

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Contributed assets are capitalized and are recorded at their estimated fair value upon acquisition and are also recorded as revenue. Construction in progress represents assets which are not available for productive use and therefore are not subject to amortization.

(CONT'D)

CITY OF WETASKIWIN
Notes to Consolidated Financial Statements
For The Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Asset	Years
Land improvements	2-5
Buildings	10 - 50
Engineered structures	
Water system	45 - 75
Wastewater system	45 - 75
Other engineered structures	15 - 60
Machinery and equipment	3 - 38
Vehicles	3 - 25

Cultural and Historical Tangible Capital Assets

Historical artifacts owned by the City are not recorded in tangible capital assets, but are disclosed.

Leases

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits and risks to the City incidental to ownership of property are accounted for as capital leases. Assets under a capital lease are included within the respective tangible capital asset classification. All other leases are accounted for as operating leases and the related lease payments are charged as incurred.

Inventory for consumption

Inventory held for consumption is valued at the lower of cost or replacement cost.

(n) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditures during the period. Where management uncertainty exists, the consolidated 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, landfill closure and post-closure costs, and contingent liabilities are areas where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

(CONT'D)

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Recently Adopted Accounting Standards

Effective January 1, 2023, the City has adopted Canadian public sector accounting standards PS 1201 Financial Statement Presentations, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, and PS 3450 Financial Instruments required for government organizations beginning on or after April 1, 2022. The new standards have been applied prospectively. Comparative results have not been restated. The changes to the City's consolidated financial statements from previous years are as follows:

1. The carrying value of financial instruments included in investments are measured at fair value to correspond with how they are evaluated and managed. Prior to January 1, 2023, these financial instruments were recorded at cost.
2. Disclosure of the hierarchy of inputs used in the determination of fair value for investments are reported according to the following levels:
 - Level 1: Fair value is based on quoted prices in an active market.
 - Level 2: Fair value is based on model-based valuation methods for which all significant assumptions are observable in the market or quoted prices for similar but not identical assets.
 - Level 3: Fair value is based on valuation methods where inputs that are based on non-observable market data have significant impact on valuation.
3. Unrealized gains and losses are recorded in the new statement of remeasurement gain and losses. Prior to January 1, 2023, unrealized gains and losses were not recorded in the consolidated financial statements.

This change to January 1, 2023 opening balances are as follows:

- Decrease to investment by \$64,337
- Increase to accumulated remeasurement losses by \$64,337

(p) Future Accounting Standard Pronouncements

The following summarizes upcoming changes to *Public Sector Accounting Standards*. The City will continue to assess the impact and prepare for the adoption of these standards.

i) 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.

ii) 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.

(CONT'D)

CITY OF WETASKIWIN**Notes to Consolidated Financial Statements****For The Year Ended December 31, 2023**

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

2. CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u>
Cash	\$ 22,094,455	\$ 17,902,863
Cash equivalents	<u>248,052</u>	<u>181,394</u>
	<u>\$ 22,342,507</u>	<u>\$ 18,084,257</u>

Cash equivalents are short-term deposits with original maturities of three months or less, bearing interest ranging from 0.00% to 5.50% (2022 - 0.00% to 3.65%).

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2023</u>	<u>2022</u>
Current taxes and grants in place of taxes	\$ 714,966	\$ 1,225,800
Arrears taxes	<u>1,631,316</u>	<u>1,209,833</u>
	<u>2,346,282</u>	<u>2,435,633</u>
Less: Allowance for doubtful accounts	<u>-</u>	<u>(231,414)</u>
	<u>\$ 2,346,282</u>	<u>\$ 2,204,219</u>

CITY OF WETASKIWIN
Notes to Consolidated Financial Statements
For The Year Ended December 31, 2023

4. TRADE AND OTHER RECEIVABLES

	<u>2023</u>	<u>2022</u>
Receivable from other governments	\$ 4,444,411	\$ 5,350,370
Trade and other receivables	2,088,483	1,630,572
Debt recoverable - local improvements	1,163,626	765,378
Goods and Services Tax recoverable	<u>738,241</u>	<u>762,825</u>
	8,434,761	8,509,145
Less: Allowance for doubtful accounts	<u>(389,899)</u>	<u>(15,062)</u>
	<u>\$ 8,044,862</u>	<u>\$ 8,494,083</u>

5. INVESTMENTS

	<u>2023</u>	<u>2022</u>
Investments - amortized cost	\$ 6,335,743	\$ 9,304,033
Investments - fair value	<u>3,164,422</u>	<u>-</u>
	<u>\$ 9,500,165</u>	<u>\$ 9,304,033</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	\$ 6,323,926	\$ 5,879,388	\$ 6,291,553	\$ 5,558,829
Principal protected notes	-	-	3,000,800	2,936,463
Wetaskiwin Co-op shares	<u>11,817</u>	<u>11,817</u>	<u>11,680</u>	<u>11,680</u>
	<u>\$ 6,335,743</u>	<u>\$ 5,891,205</u>	<u>\$ 9,304,033</u>	<u>\$ 8,506,972</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>
Interest bearing securities				
Principal protected notes	\$ -	\$ 3,164,422	\$ -	<u>\$ 3,164,422</u>
	<u>2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Interest bearing securities				
Principal protected notes	\$ -	\$ -	\$ -	<u>\$ -</u>

(CONT'D)

CITY OF WETASKIWIN
Notes to Consolidated Financial Statements
For The Year Ended December 31, 2023

5. INVESTMENTS (CONT'D)

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 1.67% to 3.93% per annum (2022 - 0.29% to 4.10%), maturing between July 2024 and January 2028.

6. INVESTMENT IN PEACE HILLS UTILITIES INC.

Peace Hills Utilities Inc. ("PHUI") is wholly owned subsidiary and a municipally controlled corporation of the City. PHUI provides water and wastewater services to the City of Wetaskiwin. The financial statements of PHUI are prepared in accordance with International Financial Reporting Standards.

The following table provides a condensed supplementary financial information for PHUI.

	<u>2023</u>	<u>2022</u>
Financial Position		
Current assets	\$ 8,445,438	\$ 3,044,507
Non-current assets	<u>4,914,681</u>	<u>6,101,175</u>
Total assets	<u>13,360,119</u>	<u>9,145,682</u>
Current liabilities	<u>824,397</u>	<u>590,591</u>
Total liabilities	<u>824,397</u>	<u>590,591</u>
Investment in PHUI	<u>\$ 12,535,722</u>	<u>\$ 8,555,091</u>
Results of Operations		
Revenues	\$ 10,182,509	\$ 7,006,731
Expenses	<u>6,517,970</u>	<u>3,227,258</u>
Net income	<u>\$ 3,664,539</u>	<u>\$ 3,779,473</u>
Changes in Shareholder's Equity		
Shareholder's equity, Opening	\$ 8,555,091	\$ -
Net income	3,664,539	3,779,473
Other comprehensive income	1,016,092	227,866
Dividends declared	(700,000)	-
Capital contributions	<u>-</u>	<u>4,547,752</u>
Shareholder's equity, Closing	<u>\$ 12,535,722</u>	<u>\$ 8,555,091</u>

(CONT'D)

CITY OF WETASKIWIN
Notes to Consolidated Financial Statements
For The Year Ended December 31, 2023

6. INVESTMENT IN PEACE HILLS UTILITIES INC. (CONT'D)

The following summarizes PHUI's related party transactions with the City for the year.

	<u>2023</u>	<u>2022</u>
Sale of repair and maintenance services from the City	\$ 137,523	\$ 456,105
Utility consumption purchased by the City	<u>146,805</u>	<u>60,482</u>
	<u>\$ 284,328</u>	<u>\$ 516,587</u>

All transactions are in the normal course of operation, and are recorded at the exchange value based on normal commercial rates.

The following summarizes PHUI's related party balances with the City.

	<u>2023</u>	<u>2022</u>
Trade and other receivables	\$ 5,585,527	\$ 1,895,127
Accounts payable and accrued liabilities	<u>(8,991,979)</u>	<u>(7,000,224)</u>
	<u>\$ (3,406,452)</u>	<u>\$ (5,105,097)</u>

The City's consolidated financial statements includes the net balance payable to PHUI within Accounts payable and accrued liabilities - Trade payables and other accrued liabilities (*Note 8*).

PHUI has entered into an agreement for maintenance services requiring monthly payments of \$322,374, commencing January 2024 until the termination date in 2062.

7. LINE OF CREDIT

The City has a revolving demand credit facility of \$8,000,000. The credit facility bears interest at the bank's prime rate plus 1.00%, was not drawn on at December 31, 2023 (2022 - \$NIL) and is unsecured.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Trade payables and accrued liabilities	\$ 6,400,659	\$ 8,367,803
Holdbacks payable	367,227	47,306
Salaries and wages	322,652	368,831
Interest on long-term debt	92,928	107,197
Payable to other governments	<u>375</u>	<u>357,227</u>
	<u>\$ 7,183,841</u>	<u>\$ 9,248,364</u>

CITY OF WETASKIWIN
Notes to Consolidated Financial Statements
For The Year Ended December 31, 2023

9. EMPLOYEE BENEFITS OBLIGATION

	<u>2023</u>	<u>2022</u>
Vacation and overtime accrual	\$ <u>276,946</u>	\$ <u>217,020</u>

Employee benefits obligation is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

The City sponsors life insurance benefits to qualifying retirees from the date of retirement. The City pays 100% of the cost of the life insurance. The cost of these benefits is recognized as a program expenditure each year.

10. DEFERRED REVENUE

Deferred revenue is comprised of the following amounts, which have been received from various third parties and are restricted to the eligible operating and capital projects as approved in the funding agreements 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>
<u>Capital</u>				
Alberta Municipal Water / Wastewater Partnership	\$ -	\$ 4,000,000	\$ (745,188)	\$ 3,254,812
Canada Community Building Fund	2,438,555	863,425	(251,799)	3,050,181
Municipal Sustainability Initiative	<u>4,310,781</u>	<u>1,499,649</u>	<u>(3,895,115)</u>	<u>1,915,315</u>
	<u>6,749,336</u>	<u>6,363,074</u>	<u>(4,892,102)</u>	<u>8,220,308</u>
<u>Operating</u>				
Other	868,701	204,572	(604,809)	468,464
Family and Community Support Services	178,218	557,760	(431,216)	304,762
Recreation - Facilities	<u>196,405</u>	<u>429,104</u>	<u>(373,113)</u>	<u>252,396</u>
	<u>1,243,324</u>	<u>1,191,436</u>	<u>(1,409,138)</u>	<u>1,025,622</u>
	<u>\$ 7,992,660</u>	<u>\$ 7,554,510</u>	<u>\$ (6,301,240)</u>	<u>\$ 9,245,930</u>

CITY OF WETASKIWIN
Notes to Consolidated Financial Statements
For The Year Ended December 31, 2023

11. CONTAMINATED SITES

	<u>2023</u>	<u>2022</u>
Remediation activities	\$ <u>120,000</u>	\$ <u>120,000</u>

The liability for contaminated sites include sites associated with former City operations and waste disposal sites. The nature of the contamination includes organic and other inorganic contaminants resulting from maintenance operations. Liabilities estimates are based on environmental site assessments. The City has recognized a net increase in the liability of \$NIL over the prior year, representing a total liability for the remediation of contaminated sites of \$120,000 (2022 - \$120,000). The liability is reported in Accounts payable and accrued liabilities (*Note 8*) of the Consolidated Statement of Financial Position.

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

12. 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 sites, and ongoing environmental monitoring, sites inspections and maintenance.

The estimated total liability is based on the sum of the discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 5.28% (2022 - 4.90%) and assuming an annual inflation of 2.00% (2022 - 2.00%) was used.

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. As at December 31, 2023, approximately 25.91% (2022 - 21.95%) of the aggregate landfill capacity has been utilized.

	<u>2023</u>	<u>2022</u>
Estimated closure costs	\$ 1,452,046	\$ 1,427,180
Estimated post-closure costs	<u>1,166,250</u>	<u>1,167,133</u>
Estimated total liability	<u>2,618,296</u>	<u>2,594,313</u>
Percentage of liability accrued by the City	<u>25.91%</u>	<u>22.24%</u>
Amount accrued by the city	\$ <u>678,321</u>	\$ <u>576,895</u>
Estimated liability still to be accrued	\$ <u>1,939,975</u>	\$ <u>2,017,418</u>

The City has designated assets for settling closure and post-closure liabilities. As at December 31, 2023, the balance of the landfill reclamation reserve amounted to \$1,308,586 (2022 - \$1,277,731).

CITY OF WETASKIWIN
Notes to Consolidated Financial Statements
For The Year Ended December 31, 2023

13. LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Tax supported debentures	\$ 11,268,763	\$ 12,378,867
Self supported debentures	5,602	409,548
Local improvements debentures	<u>8,381</u>	<u>24,687</u>
	<u>\$ 11,282,746</u>	<u>\$ 12,813,102</u>

The current portion of the long-term debt amounts to \$1,063,485 (2022 - \$706,848).

Principal and interest repayments on debt in the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,063,485	\$ 405,315	\$ 1,468,800
2025	918,364	363,441	1,281,805
2026	958,238	322,618	1,280,856
2027	792,907	280,997	1,073,904
2028	473,547	249,667	723,214
Thereafter	<u>7,076,205</u>	<u>1,784,615</u>	<u>8,860,820</u>
	<u>\$ 11,282,746</u>	<u>\$ 3,406,653</u>	<u>\$ 14,689,399</u>

Debenture debt is predominately held by the Province of Alberta, bears interest at rates ranging from 2.00% to 6.37% per annum and matures between 2023 and 2043. Debenture debt is issued on the credit and security of the City at large.

Interest on long-term debt paid amounts to \$451,405 (2022 - \$705,624). The City's total cash payments for interest is \$450,545 (2022 - \$708,507).

14. DEBT LIMITS

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

	<u>2023</u>	<u>2022</u>
Total debt limit	\$ 55,833,858	\$ 51,051,213
Total debt	<u>(11,282,746)</u>	<u>(12,813,102)</u>
Amount of debt limit unused	<u>\$ 44,551,112</u>	<u>\$ 38,238,111</u>
Service on debt limit	\$ 9,305,643	\$ 8,508,536
Service on debt	<u>(1,468,800)</u>	<u>(1,636,964)</u>
Amount of service on debt limit unused	<u>\$ 7,836,843</u>	<u>\$ 6,871,572</u>

(CONT'D)

CITY OF WETASKIWIN

Notes to Consolidated Financial Statements

For The Year Ended December 31, 2023

14. DEBT LIMITS (CONT'D)

The debt limit is calculated at 1.5 times revenue of the City (as defined in *Alberta Regulation 255/2000*) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the City. Rather, the consolidated financial statements must be interpreted as a whole.

15. ACCUMULATED SURPLUS

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

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	\$ <u>3,645,195</u>	\$ <u>2,139,769</u>
Restricted Surplus		
Peace Hills Utilities Inc.	13,235,719	8,555,091
Infrastructure tax	4,115,099	2,524,315
Equipment pool	3,657,722	3,212,593
Land development	1,979,574	1,414,004
Landfill reclamation	1,308,586	1,277,731
Stabilization	1,277,729	1,724,098
Fire equipment	1,260,253	1,003,138
General contingency	975,181	1,386,027
Solid waste	846,094	550,931
Sewer	677,313	1,800,608
Water	574,438	614,627
Carry forward - operating	557,800	256,307
Storm water	504,154	469,936
Information technology	379,424	235,478
Snow removal stabilization	359,000	359,000
Manluk	347,452	266,812
RCMP	218,589	218,589
Public art	185,655	156,277
Memorial fund	107,973	93,027
Cemetery care fund	62,147	60,681
Carry forward - capital	53,184	51,930
Community land	50,086	50,086
Community safety	18,712	-
Public transit	1,665	68,665
Airport	747	729
Library	-	283,355
	<u>32,754,296</u>	<u>26,634,035</u>
Equity in tangible capital assets (Note 16)	<u>179,980,339</u>	<u>146,364,015</u>
Accumulated remeasurement (gain) loss	<u>(44,778)</u>	<u>-</u>
	<u>\$216,335,052</u>	<u>\$175,137,819</u>

CITY OF WETASKIWIN**Notes to Consolidated Financial Statements****For The Year Ended December 31, 2023**

16. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Net book value of tangible capital assets	\$ 190,099,459	\$ 158,411,739
Long-term debt	(11,282,746)	(12,813,102)
Debt recoverable - local improvements	<u>1,163,626</u>	<u>765,378</u>
	<u>\$ 179,980,339</u>	<u>\$ 146,364,015</u>

17. FRANCHISE AND CONCESSION CONTRACTS

Disclosure of utility franchise agreement annual revenues as required by *Alberta Regulation 313/2000* is as follows:

	<u>2023</u>	<u>2022</u>
Fortis Alberta	\$ 1,682,136	\$ 1,392,276
ATCO Gas	<u>1,242,136</u>	<u>1,377,348</u>
	<u>\$ 2,924,272</u>	<u>\$ 2,769,624</u>

18. FUNDS IN TRUST

	<u>2023</u>	<u>2022</u>
Volunteer fire department	\$ 141,508	\$ 133,971
Christmas hamper	34,655	32,809
Ashoro trust	15,036	14,235
Archives	10,483	9,925
Beautification program	<u>1,816</u>	<u>1,719</u>
	<u>\$ 203,498</u>	<u>\$ 192,659</u>

Trust funds administered by the City have not been included in the consolidated statement of financial position nor have their operations have been included in the consolidated statement of operations.

19. CONTINGENT LIABILITIES

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

(CONT'D)

CITY OF WETASKIWIN
Notes to Consolidated Financial Statements
For The Year Ended December 31, 2023

19. CONTINGENT LIABILITIES (CONT'D)

- b) The City is a defendant in lawsuits arising in the normal course of operations and involving various amounts. Management is of the opinion that the results of these actions should not have any material effect on the financial position of the City. No amounts have been accrued in these consolidated financial statements relating to any of these activities. Any awards or settlements will be reflected in the consolidated statement of operations as the matters are resolved or when sufficient information on amounts and likelihood is known.

20. CONTRACTUAL OBLIGATIONS

The City has entered into agreements to lease office space until August 2026. The minimum lease payments for the building is:

2024	\$ 28,190
2025	28,190
2026	<u>16,444</u>
Total	<u>\$ 72,824</u>

21. LOCAL AUTHORITIES PENSION PLAN

Employees of the City participate in the *Local Authorities Pension Plan* ("LAPP"), which is one of the plans covered by the *Alberta Public Sector Pension Plans Act*. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The City is required to make current service contributions to the LAPP consisting of 8.45% (2022 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings ("YMPE") under the Canada Pension Plan ("CPP") and 12.23% (2022 - 12.80%) of the excess. Employees are required to make current service contributions of 7.45% (2022 - 7.45%) of pensionable salary up to the YMPE and 11.23% (2022 - 11.80%) of the excess. Contributions for current service are recorded as expenses in the year in which they become due.

Total current service contributions made by the City to the LAPP in 2023 were \$595,424 (2022 - \$530,166). Total current service contributions made by the employees of the City to the LAPP in 2023 were \$486,342 (2022 - \$504,225).

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

22. SEGMENTED INFORMATION

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

(CONT'D)

22. SEGMENTED INFORMATION (CONT'D)

(a) Legislative

Legislative is comprised of City Council. Council makes decisions regarding service delivery and service levels on behalf of the City in order to balance the needs and wants of residents in a financially responsible manner.

(b) Administration

Administration is comprised of the Office of the Chief Administrative Officer, Financial Services, Human Resources, Information Technology, Communications, and Other General Administration.

(c) Protective Services

Protective Services is comprised of Fire, Emergency Management, and Municipal Enforcement Services. Fire Services is responsible to provide fire suppression services; fire prevention programs; training and education related to fire prevention; and detection or extinguishment of fires. The mandate of Emergency Management is to help maintain safe communities and public safety in disaster situations. The Municipal Enforcement Services provide bylaw enforcement that ranges from community standards, to traffic safety, to animal control as well as provincial statute enforcement with authorities granted by the Solicitor General of Alberta.

(d) Transportation

Transportation is comprised of Common Services and the Public Works areas. They are responsible for the maintenance of the roadway, airport and storm systems of the City.

(e) Environmental Services

Environmental Services is comprised of water supply and distribution, wastewater treatment and disposal, and waste management. The City is responsible for environmental programs such as weekly garbage pick-up and promoting recycling and other related initiatives.

(f) Family and Community Support

The Family and Community Services area provides services mandated by Family and Community Support Services Alberta through a shared funding model between the Province of Alberta and the City.

(g) Planning and Development

Planning and Development is comprised of Planning and Infrastructure, Engineering and Economic Development. These areas are responsible for the planning and development of the City's infrastructure system and work with developers in planning the growth of the City in a sustainable manner. Engineering is responsible for major capital infrastructure projects. Economic Development works with businesses in the City to encourage economic sustainability.

(h) Parks and Recreation

Parks and Recreation is comprised of Recreation, Culture and Cultural Facilities. Parks and Recreation provide recreational and cultural services and activities which promote the well-being of its citizens. These areas are responsible for the parks, playgrounds, facilities, and green spaces of the City. This area also and acts as a liaison between community groups.

(i) Culture

Culture provides cultural services and activities which promote the well-being of the City citizens.

(CONT'D)

CITY OF WETASKIWIN
Notes to Consolidated Financial Statements
For The Year Ended December 31, 2023

22. SEGMENTED INFORMATION (CONT'D)

(j) Peace Hills Utilities Inc.

PHUI is a wholly owned subsidiary of the City, accounted for on a modified equity basis as a government business enterprise. Note 6 to these consolidated financial statements provides condensed financial information for PHUI.

Certain allocation methodologies are employed in the preparation of segmented financial information. Net municipal taxes are unallocated to segments and are presented under Administration. Sales and user charges have been allocated to the segment based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

23. BUDGET DATA

The budget presented in these consolidated financial statements is based on the 2023 operating budget approved by Council on November 28, 2022. The City compiles a budget on an accrual basis consistent with principles applied in the consolidated financial statements. The reconciliation below adjusts annual surplus to align with the budget process. Included in the reconciliation below are presentation and elimination adjustments required to comply with Canadian public sector accounting standards. It should not be used as a replacement for the consolidated 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>(2,441,050)</u>	\$ <u>41,242,011</u>	\$ <u>22,907,119</u>
Net reserves	2,950,640	1,720,732	7,096,356
Net internal cost recoveries	652,930	-	-
Principal debt repayments	<u>(1,162,520)</u>	<u>(1,530,356)</u>	<u>(7,519,773)</u>
	<u>2,441,050</u>	<u>190,376</u>	<u>(423,417)</u>
Results of Operations as Budgeted	\$ <u>-</u>	\$ <u>41,432,387</u>	\$ <u>22,483,702</u>

24. FINANCIAL RISK MANAGEMENT

The City's financial instruments include cash and cash equivalents, taxes and grants in place of taxes, trade and other accounts receivable, investments, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the City is not exposed to significant liquidity, market, interest or currency risk arising from these financial instruments.

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

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

CITY OF WETASKIWIN
Notes to Consolidated Financial Statements
For The Year Ended December 31, 2023

25. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

Council and Management have approved these consolidated financial statements on August 26, 2024.

26. RESTATEMENT

Classification of certain transactions recorded in the consolidated financial statements for the year ended December 31, 2022. Specifically, amounts that were initially recognized as Other Comprehensive Income ("OCI") within Peace Hills Utilities Inc. ("PHUI") should have been recognized in net income for that period.

Comparative figures have been restated as follows.

	<u>As Previously Stated</u>	<u>Authority Consolidation</u>	<u>As Restated</u>
Statement of Operations			
Revenue			
Earnings of PHUI	\$ 3,837,983	169,356	\$ 4,007,339
Accumulated surplus			
Share of OCI - PHUI	\$ 169,356	(169,356)	\$ -

Certain comparative figures have been reclassified to conform to the presentation used in the current year.

27. SALARY AND BENEFITS DISCLOSURE

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

	<u>Salary¹</u>	<u>Benefits²</u>	<u>2023</u>	<u>2022</u>
Mayor T. Gandam	\$ 78,130	\$ 8,169	\$ 86,299	\$ 86,337
Councillor D. Billingsley	42,072	5,546	47,618	43,621
Councillor B. Elliot	39,622	6,089	45,711	44,571
Councillor W. Nelson	39,327	6,089	45,416	43,621
Councillor K. Aberle	35,002	8,191	43,193	40,912
Councillor G. Blatz-Morgan	37,519	4,713	42,232	37,211
Councillor J. Branco	12,696	2,972	15,668	-
Councillor K. Lonsdale	<u>9,836</u>	<u>2,050</u>	<u>11,886</u>	<u>40,485</u>
	<u>\$ 294,204</u>	<u>\$ 43,819</u>	<u>\$ 338,023</u>	<u>\$ 336,758</u>
City Manager	<u>\$ 222,264</u>	<u>\$ 35,735</u>	<u>\$ 257,999</u>	<u>\$ 214,767</u>
Designated Office (contract)	<u>\$ 95,068</u>	<u>\$ -</u>	<u>\$ 95,068</u>	<u>\$ 92,207</u>

27. SALARY AND BENEFITS DISCLOSURE (CONT'D)

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

(2) Benefits include the employer's share of all employee benefits and contributions or payments including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long-term and short-term disability plans, professional membership dues, and tuition.