

**CITY OF WETASKIWIN**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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## INDEPENDENT AUDITORS' REPORT

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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, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Qualified Opinion*

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, 2022, amounting to \$158,411,739, and the amortization of tangible capital assets, \$5,772,948, 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 qualified opinion.

### *Emphasis of Matter – Restated Comparative Information*

We draw attention to Note 27 of the consolidated financial statements, which explains that certain comparative information presented for the year ended December 31, 2021 has been restated. The consolidated financial statements for the year ended December 31, 2021 (prior to the adjustments that were applied to restate certain comparative information explained in note 27) were audited by another auditor who expressed an unmodified opinion on those financial statements on August 22, 2022. Our opinion is not modified in respect of this matter.

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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 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 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 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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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

January 22, 2024

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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 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 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.



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




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Tolulope Maraiyesa, CPA, CGA, CLGM, Chief Financial Officer

**CITY OF WETASKIWIN**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2022**

	<u>2022</u>	<u>2021</u> (Restated) (Note 27)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 18,084,257	\$ 22,734,388
Taxes and grants in place of taxes receivable (Note 3)	2,204,219	2,027,252
Trade and other receivables (Note 4)	8,494,083	12,889,472
Investments (Note 5)	9,304,033	5,468,014
Land held for resale	1,198,887	1,416,831
Investment in Peace Hills Utilities Inc. (Note 25)	<u>8,555,091</u>	<u>-</u>
	<u>47,840,570</u>	<u>44,535,957</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7, 10)	9,117,863	4,581,267
Employee benefit obligations (Note 8)	217,020	263,681
Deposit liabilities	693,545	696,650
Deferred revenue (Note 9)	8,009,504	13,396,728
Landfill closure and post-closure liability (Note 11)	576,895	585,699
Long-term debt (Note 12)	<u>12,813,102</u>	<u>20,332,875</u>
	<u>31,427,929</u>	<u>39,856,900</u>
<b>NET FINANCIAL ASSETS</b>	<u>16,412,641</u>	<u>4,679,057</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 6)	158,411,739	147,309,413
Prepaid expenses	145,755	118,475
Inventory for consumption	<u>167,684</u>	<u>123,755</u>
	<u>158,725,178</u>	<u>147,551,643</u>
<b>ACCUMULATED SURPLUS (Schedule 1, Note 14)</b>	<u>\$175,137,819</u>	<u>\$152,230,700</u>
<b>CONTINGENT LIABILITIES (Note 18)</b>		
<b>CONTRACTUAL OBLIGATIONS (Note 19)</b>		

**APPROVED ON BEHALF OF COUNCIL:**



Mayor Tyler Gandam



Deputy Mayor Karen Aberle

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

**CITY OF WETASKIWIN**

**Consolidated Statement of Operations and Accumulated Surplus**

**For The Year Ended December 31, 2022**

	<u>2022</u> (Budget) (Note 22)	<u>2022</u> (Actual)	<u>2021</u> (Restated) (Note 27)
<b>REVENUES</b>			
Net municipal property taxes ( <i>Schedule 2</i> )	\$ 16,776,510	\$ 16,767,970	\$ 15,980,309
Sales and user charges	2,912,970	4,052,220	9,811,732
Earnings of Peace Hills Utilities Inc. ( <i>Note 25</i> )	-	3,837,983	-
Government transfers for operating ( <i>Schedule 3</i> )	1,699,400	3,103,209	3,369,064
Franchise and concession contracts ( <i>Note 16</i> )	2,830,740	2,779,489	2,438,957
Other revenues	335,000	825,917	446,953
Penalties and costs on taxes	604,800	701,997	597,724
Investment income	295,000	645,309	243,095
Fines	357,000	406,219	232,925
Rentals	699,930	387,261	436,234
Licenses and permits	302,100	247,038	249,064
Development levies	-	2,431	2,429
	<u>26,813,450</u>	<u>33,757,043</u>	<u>33,808,486</u>
<b>EXPENSES</b>			
Protective services	6,858,300	7,552,745	6,764,470
Transportation	6,212,120	6,898,990	7,344,543
Parks and recreation	6,440,950	4,945,117	5,177,384
Administration	5,329,000	4,776,353	5,184,793
Water supply and distribution	-	2,040,850	2,572,101
Planning and development	1,003,700	1,263,563	1,302,964
Culture	326,460	1,121,778	1,091,737
Wastewater treatment and disposal	-	998,887	1,681,008
Waste management	1,134,610	974,393	1,154,534
Family and community support	58,480	700,330	702,755
Legislative	401,540	396,806	411,546
	<u>27,765,160</u>	<u>31,669,812</u>	<u>33,387,835</u>
<b>ANNUAL SURPLUS BEFORE OTHER INCOME</b>	<u>(951,710)</u>	<u>2,087,231</u>	<u>420,651</u>
<b>OTHER INCOME</b>			
Government transfers for capital ( <i>Schedule 3</i> )	-	13,576,771	6,833,385
Restructuring ( <i>Note 26</i> )	-	6,592,254	-
Contributed tangible capital assets	-	505,231	-
Loss on disposal of tangible capital assets	-	(23,724)	(7,677)
	<u>-</u>	<u>20,650,532</u>	<u>6,825,708</u>

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**CITY OF WETASKIWIN**

**Consolidated Statement of Operations and Accumulated Surplus**

**For The Year Ended December 31, 2022**

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	<u>2022</u> (Budget) (Note 22)	<u>2022</u> (Actual)	<u>2021</u> (Restated) (Note 27)
<b>ANNUAL SURPLUS</b>	(951,710)	<b>22,737,763</b>	7,246,359
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	148,737,428	<b>148,737,428</b>	142,067,470
Restatement (Note 27)	<u>3,493,272</u>	<u><b>3,493,272</b></u>	<u>2,916,871</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATED</b>	<u>152,230,700</u>	<u><b>152,230,700</b></u>	<u>144,984,341</u>
Peace Hills Utilities Inc. - Other comprehensive income (Note 25)	<u>-</u>	<u><b>169,356</b></u>	<u>-</u>
<b>ACCUMULATED SURPLUS, END OF YEAR (SCHEDULE 1, NOTE 14)</b>	<u>\$ 151,278,990</u>	<u><b>\$ 175,137,819</b></u>	<u>\$ 152,230,700</u>



**CITY OF WETASKIWIN**

**Consolidated Statement of Change in Net Financial Assets**

**For The Year Ended December 31, 2022**

	<u>2022</u> (Budget) (Note 22)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
<b>ANNUAL SURPLUS</b>	\$ <u>(951,710)</u>	\$ <u>22,737,763</u>	\$ <u>7,246,359</u>
Acquisition of tangible capital assets	-	(16,894,140)	(10,768,311)
Contributed tangible capital assets	-	(505,231)	-
Proceeds on disposal of tangible capital assets	-	500,373	64,999
Tangible capital assets transferred to land held for resale	-	-	217,944
Amortization of tangible capital assets	-	5,772,948	5,760,980
Gain on disposal of tangible capital assets	-	<u>23,724</u>	<u>7,677</u>
	-	<u>(11,102,326)</u>	<u>(4,716,711)</u>
Net change in inventory for consumption	-	(27,280)	136,690
Net change in prepaid expenses	-	(43,929)	105,104
Peace Hills Utilities Inc. - Other comprehensive income	-	<u>169,356</u>	-
	-	<u>98,147</u>	<u>241,794</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	(951,710)	<b>11,733,584</b>	2,771,442
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>4,679,057</u>	<u>4,679,057</u>	<u>1,907,615</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ <u>3,727,347</u>	\$ <u>16,412,641</u>	\$ <u>4,679,057</u>

**CITY OF WETASKIWIN**  
**Consolidated Statement of Cash Flows**  
**For The Year Ended December 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 22,737,763	\$ 7,246,359
Non-cash items included in excess of revenue over expenses:		
Government business enterprise earnings	(3,837,983)	-
Gain on disposal of tangible capital assets	23,724	7,677
Amortization of tangible capital assets	5,772,948	5,760,980
Tangible capital assets transferred to land held for resale	-	217,944
Contributed tangible capital assets	(505,231)	-
Change in non-cash working capital balances:		
Taxes and grants in place of taxes receivable	(176,967)	69,402
Trade and other receivables	4,395,389	(2,173,192)
Land held for resale	217,944	(217,944)
Prepaid expenses	(27,280)	105,104
Inventory for consumption	(43,929)	136,690
Accounts payable and accrued liabilities	4,536,596	8,307
Employee benefit obligations	(46,661)	22,805
Deposit liabilities	(3,105)	(125,417)
Deferred revenue	(5,387,224)	6,075,358
Landfill closure and post-closure costs	(8,804)	45,816
	<u>27,647,180</u>	<u>17,179,889</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(16,894,140)	(10,768,311)
Proceeds on disposal of tangible capital assets	500,373	64,999
	<u>(16,393,767)</u>	<u>(10,703,312)</u>
<b>INVESTING ACTIVITIES</b>		
Capital contributions to Peace Hills Utilities Inc.	(4,547,752)	-
Purchase of investments	(3,836,019)	(200,412)
	<u>(8,383,771)</u>	<u>(200,412)</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt repayments	(7,519,773)	(1,870,634)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(4,650,131)	4,405,531
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>22,734,388</u>	<u>18,328,857</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2)</b>	<u>\$ 18,084,257</u>	<u>\$ 22,734,388</u>

Schedule of Changes in Accumulated Surplus  
For The Year Ended December 31, 2022

	<u>Unrestricted</u>	<u>Restricted Surplus</u>	<u>Equity in Tangible Capital Assets</u>	<u>2022 Total</u>	<u>2021 Total</u>
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 1,619,979	\$ 18,903,043	\$128,214,406	<b>\$148,737,428</b>	\$142,067,470
Restatement (Note 27)	<u>3,218,464</u>	<u>605,533</u>	<u>(330,725)</u>	<u><b>3,493,272</b></u>	<u>2,916,871</u>
<b>BALANCE, BEGINNING OF YEAR, AS RESTATED</b>	4,838,443	19,508,576	127,883,681	<b>152,230,700</b>	144,984,341
Annual surplus	22,737,763	-	-	<b>22,737,763</b>	7,246,359
Peace Hills Utilities Inc. - Other comprehensive income	-	169,356	-	<b>169,356</b>	-
Earnings of Peace Hills Utilities Inc.	(3,837,983)	3,837,983	-	-	-
Share purchase and other capital contributions	(4,547,752)	4,547,752	-	-	-
Purchase of tangible capital assets	(16,894,140)	-	16,894,140	-	-
Contributed tangible capital assets	(505,231)	-	505,231	-	-
Disposal of tangible capital assets	524,097	-	(524,097)	-	-
Annual amortization expense	5,772,948	-	(5,772,948)	-	-
Unrestricted funds designated for future use	(2,808,878)	2,808,878	-	-	-
Restricted funds utilized	4,238,510	(4,238,510)	-	-	-
Long-term debt repaid	(7,519,773)	-	7,519,773	-	-
Levied portion of debt recoverable - local improvements	<u>141,765</u>	<u>-</u>	<u>(141,765)</u>	<u>-</u>	<u>-</u>
<b>BALANCE, END OF YEAR</b>	<u><b>\$ 2,139,769</b></u>	<u><b>\$ 26,634,035</b></u>	<u><b>\$146,364,015</b></u>	<u><b>\$175,137,819</b></u>	<u><b>\$152,230,700</b></u>

## Schedule of Property Taxes Levied

For The Year Ended December 31, 2022

	<u>2022</u> (Budget) (Note 22)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
<b>TAXATION</b>			
Real property	\$ 20,708,840	\$ 20,632,365	\$ 19,865,685
Linear property taxes	298,340	365,627	343,017
Government grants in place of property taxes	25,480	28,136	28,149
Special assessments and local improvement taxes	<u>900</u>	<u>-</u>	<u>-</u>
	<u>21,033,560</u>	<u>21,026,128</u>	<u>20,236,851</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	3,660,800	3,640,795	3,668,462
St. Thomas Aquinas Roman Catholic Board	317,450	309,994	309,994
Wetaskiwin and Area Lodge Authority	277,100	305,663	276,413
Designated industrial property assessment	<u>1,700</u>	<u>1,706</u>	<u>1,673</u>
	<u>4,257,050</u>	<u>4,258,158</u>	<u>4,256,542</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	\$ <u>16,776,510</u>	\$ <u>16,767,970</u>	\$ <u>15,980,309</u>

## Schedule of Government Transfers

For The Year Ended December 31, 2022

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	<u>2022</u> (Budget) (Note 22)	<u>2022</u> (Actual)	<u>2021</u> (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 1,120,040	\$ 2,153,679	\$ 2,345,733
Local government	539,360	883,456	951,457
Federal government	<u>40,000</u>	<u>66,074</u>	<u>71,874</u>
	<u>1,699,400</u>	<u>3,103,209</u>	<u>3,369,064</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	<u>-</u>	<u>13,576,771</u>	<u>6,833,385</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 1,699,400</u>	<u>\$ 16,679,980</u>	<u>\$ 10,202,449</u>

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

**SCHEDULE 4**

	<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>2022</u>
<b>REVENUE</b>											
Net municipal property taxes	\$ -	\$ 16,767,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,767,970
Sales and user charges	-	48,490	33,530	4,507	3,211,945	133,159	300	593,494	26,795	-	4,052,220
Government business earnings	-	-	-	-	-	-	-	-	-	3,837,983	3,837,983
Government transfers	-	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 costs on 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
Rental	-	-	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>3,817,232</u>	<u>712,655</u>	<u>742,687</u>	<u>1,915,550</u>	<u>321,376</u>	<u>3,837,983</u>	<u>33,757,043</u>
<b>EXPENSES</b>											
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 services	49,178	2,022,642	445,254	679,226	631,388	109,164	283,789	447,978	263,539	-	4,932,158
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	935,936	185,078	-	4,036,577
Interest on long-term debt	-	50,327	89,444	21,536	203,407	-	-	340,911	-	-	705,625
Transfers to individuals and other organizations	-	51,015	-	-	-	213,754	34,853	-	57,962	-	357,584
Other expenses	-	105,139	-	-	-	10,593	-	-	-	-	115,732
Bank charges and interest	-	40,918	1,280	-	4,291	-	-	23,961	946	-	71,396
	<u>396,806</u>	<u>4,776,353</u>	<u>7,552,745</u>	<u>6,898,990</u>	<u>4,014,130</u>	<u>700,330</u>	<u>1,263,563</u>	<u>4,945,117</u>	<u>1,121,778</u>	<u>-</u>	<u>31,669,812</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME</b>	(396,806)	15,669,798	(5,700,161)	(6,788,165)	(196,898)	12,325	(520,876)	(3,029,567)	(800,402)	3,837,983	2,087,231
<b>OTHER INCOME</b>											
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>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<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>\$ 3,837,983</u>	<u>\$ 22,737,763</u>

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

## CITY OF WETASKIWIN

## SCHEDULE 5

## Schedule of Segmented Disclosure

For The Year Ended December 31, 2021

	<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>2021 (Restated) (Note 27)</u>
<b>REVENUE</b>											
Net municipal property taxes	\$ -	\$ 15,980,309	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,980,309
Sales and user charges	-	30,990	24,537	5,704	9,233,130	140,374	1,875	335,223	39,899	-	9,811,732
Government transfers	-	812,470	987,167	22,083	62,621	581,264	96,870	680,661	125,928	-	3,369,064
Franchise and concession contracts	-	2,436,457	-	-	-	-	-	2,500	-	-	2,438,957
Other revenues	-	37,344	225,312	51,022	940	17,850	61,349	50,475	5,090	-	449,382
Penalties and costs on taxes	-	453,611	-	-	144,113	-	-	-	-	-	597,724
Fines, licenses and permits	-	101,435	244,843	-	-	4,148	123,890	-	7,673	-	481,989
Investment income	-	-	-	-	-	-	242,731	-	364	-	243,095
Rental	-	-	109,104	-	-	-	3,000	324,130	-	-	436,234
	-	19,852,616	1,590,963	78,809	9,440,804	743,636	529,715	1,392,989	178,954	-	33,808,486
<b>EXPENSES</b>											
Salaries, wages and benefits	333,188	2,087,945	2,082,422	2,640,226	716,525	208,201	733,423	2,904,941	661,836	-	12,368,707
Amortization	-	144,259	250,103	2,584,818	1,866,625	12,179	1,535	847,889	53,572	-	5,760,980
Contracted and general services	77,237	2,472,596	390,282	489,000	1,613,798	46,532	588,891	259,261	189,954	-	6,127,551
Purchase from other governments	-	-	3,389,037	-	-	-	-	-	-	-	3,389,037
Materials, goods, and utilities	1,121	199,214	548,182	1,600,599	972,200	60,440	(59,537)	798,190	129,280	-	4,249,689
Interest on long-term debt	-	58,840	103,234	29,900	233,187	-	-	359,514	-	-	784,675
Transfers to individuals and other organizations	-	61,500	-	-	-	303,037	38,652	-	56,441	-	459,630
Other expenses	-	113,770	-	-	-	72,254	-	-	-	-	186,024
Bank charges and interest	-	46,669	1,210	-	5,308	112	-	7,589	654	-	61,542
	411,546	5,184,793	6,764,470	7,344,543	5,407,643	702,755	1,302,964	5,177,384	1,091,737	-	33,387,835
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER INCOME</b>	(411,546)	14,667,823	(5,173,507)	(7,265,734)	4,033,161	40,881	(773,249)	(3,784,395)	(912,783)	-	420,651
<b>OTHER INCOME</b>											
Government transfers for capital	-	-	-	5,635,373	1,198,012	-	-	-	-	-	6,833,385
Gain (loss) on disposal of tangible capital assets	-	-	-	(72,677)	-	-	65,000	-	-	-	(7,677)
	-	-	-	5,562,696	1,198,012	-	65,000	-	-	-	6,825,708
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ (411,546)</u>	<u>\$ 14,667,823</u>	<u>\$ (5,173,507)</u>	<u>\$ (1,703,038)</u>	<u>\$ 5,231,173</u>	<u>\$ 40,881</u>	<u>\$ (708,249)</u>	<u>\$ (3,784,395)</u>	<u>\$ (912,783)</u>	<u>\$ -</u>	<u>\$ 7,246,359</u>

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

## Schedule of Tangible Capital Assets

For The Year Ended December 31, 2022

	<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 Progress<sup>1</sup></u>	<u>2022</u>	<u>2021</u>
<b>COST:</b>									
Balance, Beginning of Year	\$ 2,809,268	\$ 15,415,331	\$ 42,162,934	\$ 156,400,457	\$ 12,268,792	\$ 5,166,569	\$ 10,055,489	<b>\$244,278,840</b>	\$234,773,643
Restatement (Note 27)	-	-	-	-	-	-	(1,237,868)	<b>(1,237,868)</b>	(1,237,868)
Balance, Beginning of Year, As Restated	2,809,268	15,415,331	42,162,934	156,400,457	12,268,792	5,166,569	8,817,621	<b>243,040,972</b>	233,535,775
Additions	-	229,444	-	1,464,295	32,738	4,921	15,162,742	<b>16,894,140</b>	10,768,311
Contributed assets	-	-	-	-	-	-	505,231	<b>505,231</b>	-
Disposals	-	(686,899)	-	(845,245)	(475,949)	(298,973)	-	<b>(2,307,066)</b>	(1,263,114)
Transfers	-	1,752,397	49,877	4,791,578	14,166	733,632	(7,341,650)	-	-
Balance, End of Year	<u>2,809,268</u>	<u>16,710,273</u>	<u>42,212,811</u>	<u>161,811,085</u>	<u>11,839,747</u>	<u>5,606,149</u>	<u>17,143,944</u>	<b><u>258,133,277</u></b>	<u>243,040,972</u>
<b>ACCUMULATED AMORTIZATION:</b>									
Balance, Beginning of Year	-	11,743,266	11,002,332	62,427,916	7,082,875	3,475,170	-	<b>95,731,559</b>	90,943,073
Amortization	-	459,944	917,857	3,566,554	582,841	245,752	-	<b>5,772,948</b>	5,760,980
Disposals	-	(686,338)	-	(641,066)	(207,230)	(248,335)	-	<b>(1,782,969)</b>	(972,494)
Balance, End of Year	-	<u>11,516,872</u>	<u>11,920,189</u>	<u>65,353,404</u>	<u>7,458,486</u>	<u>3,472,587</u>	-	<b><u>99,721,538</u></b>	<u>95,731,559</u>
<b>2022 NET BOOK VALUE</b>	<b>\$ <u>2,809,268</u></b>	<b>\$ <u>5,193,401</u></b>	<b>\$ <u>30,292,622</u></b>	<b>\$ <u>96,457,681</u></b>	<b>\$ <u>4,381,261</u></b>	<b>\$ <u>2,133,562</u></b>	<b>\$ <u>17,143,944</u></b>	<b>\$ <u>158,411,739</u></b>	<b>\$ -</b>
<b>2021 NET BOOK VALUE</b>	<b>\$ <u>2,809,268</u></b>	<b>\$ <u>3,672,065</u></b>	<b>\$ <u>31,160,602</u></b>	<b>\$ <u>93,972,541</u></b>	<b>\$ <u>5,185,917</u></b>	<b>\$ <u>1,691,399</u></b>	<b>\$ <u>8,817,621</u></b>	<b>\$ -</b>	<b>\$ <u>147,309,413</u></b>

<sup>1</sup>Construction in progress is  
comprised of

\$ - \$ - \$ - \$ 17,081,855 \$ 62,089 \$ - \$ - \$ 17,143,944 \$ 8,817,621



## **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, revenues, and expenses, changes in net financial position and cash flows of the reporting entity. This entity is comprised of City 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. Included with the City is the City of Wetaskiwin Library Board and Peace Hills Utilities Inc. ("PHUI").

Peace Hills Utilities Inc., 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 government 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.

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

**(c) Tax revenue (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-levy and under-levy**

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) 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.

**(h) Investments**

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the effective interest rate basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the investment is written down to recognize the loss.

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

**(i) Land held for resale**

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

**(j) 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.

**(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) 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.

**CITY OF WETASKIWIN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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

*Tangible Capital Assets (con'td)*

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

	<u>Years</u>
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

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

*Inventory*

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

**(m) 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 expenditure during the period. Where 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)**

**(n) 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) Financial Statement Presentation*

PS 1201, Financial Statement Presentation, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2022.

*ii) Foreign Currency Translation*

PS 2601, Foreign Currency Translation, requires that monetary assets and liabilities denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement dates. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard must be adopted in conjunction with PS 2601 and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

*iii) Portfolio Investments*

PS 3041, Portfolio Investments, has removed the distinction between temporary and portfolio investments and amended to conform to PS 3405. This standard must be adopted in conjunction with PS 1201, PS 2601, and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

*iv) Financial Instruments*

PS 3450, Financial Instruments, established recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivative and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

*v) Asset Retirement Obligations*

PS 3280, Asset Retirement Obligations, establishes standards on how to account and report for legal obligations associated with the retirement of certain tangible capital assets including solid waste landfill sites. As a result, PS 3270, Solid Waste Landfill Closure and Post-Closure Liability has been withdrawn but will remain in effect until the adoption of PS 3280. This standard is applicable for fiscal years beginning on or after April 1, 2022.

**CITY OF WETASKIWIN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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

*vi) 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 disclosure and presentation requirements. This standard is applicable to fiscal years beginning on or after April 1, 2023.

*vii) 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.

*viii) 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.

**2. CASH AND CASH EQUIVALENTS**

	<u><b>2022</b></u>	<u><b>2021</b></u>
Cash	\$ 17,902,863	\$ 22,683,694
Cash equivalents	<u>181,394</u>	<u>50,694</u>
	<u><b>\$ 18,084,257</b></u>	<u><b>\$ 22,734,388</b></u>

Cash equivalents are short-term deposits with original maturities of three months or less, bearing interest ranging from 0.00% to 3.65% (2021 - 0.00% to 0.40%).

**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES**

	<u><b>2022</b></u>	<u><b>2021</b></u>
Current taxes and grants in place of taxes	\$ 1,225,800	\$ 1,018,399
Arrears taxes	<u>1,209,833</u>	<u>1,240,267</u>
	<b>2,435,633</b>	2,258,666
Less: Allowance for doubtful accounts	<u>(231,414)</u>	<u>(231,414)</u>
	<u><b>\$ 2,204,219</b></u>	<u><b>\$ 2,027,252</b></u>

**CITY OF WETASKIWIN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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**4. TRADE AND OTHER RECEIVABLES**

	<u>2022</u>	<u>2021</u>
Receivables from other governments	\$ 5,350,370	\$ 8,249,708
Trade accounts receivable	1,630,572	3,348,177
Debt recoverable - local improvements	765,378	907,143
Goods and Services Tax recoverable	<u>762,825</u>	<u>601,505</u>
	8,509,145	13,106,533
Less: Allowance for doubtful accounts	<u>(15,062)</u>	<u>(217,061)</u>
	<u>\$ 8,494,083</u>	<u>\$ 12,889,472</u>

**5. INVESTMENTS**

	<u>2022</u>	<u>2021</u>
Fixed income investments	\$ 9,292,353	\$ 5,456,334
Wetaskiwin Co-op shares	<u>11,680</u>	<u>11,680</u>
	<u>\$ 9,304,033</u>	<u>\$ 5,468,014</u>

Fixed income investments include long-term notes, deposits, government and government guaranteed bonds, bear interest at an effective rate ranging from 0.29% to 4.10% per annum (2021 - 1.67% to 6.63%), maturing between May 2023 and January 2032.

The market value of the fixed income investments are based on quoted market values. The market value fluctuates 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 future fair values. The market value of fixed income securities as at December 31, 2022 totaled \$8,495,292 (2021 - \$5,428,571)

**6. CREDIT FACILITY**

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% per annum, was not drawn on at December 31, 2022 (2021 - \$NIL) and is unsecured.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2022</u>	<u>2021</u>
Trade payables and other accrued liabilities	\$ 8,237,302	\$ 3,793,306
Salaries and wages	368,831	-
Payable to other governments	357,227	470,756
Interest on long-term debt	107,197	178,550
Holdbacks payable	<u>47,306</u>	<u>138,655</u>
	<u>\$ 9,117,863</u>	<u>\$ 4,581,267</u>

**CITY OF WETASKIWIN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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**8. EMPLOYEE BENEFITS OBLIGATION**

	<u>2022</u>	<u>2021</u>
Vacation and overtime accrual	\$ <u>217,020</u>	\$ <u>263,681</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.

**9. 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>2021</u>	<u>Additions</u>	<u>Revenue Recognized</u>	<u>2022</u>
<u>Capital</u>				
Municipal Sustainability Initiative	\$ 3,656,322	\$ 1,277,057	\$ (622,598)	\$ <b>4,310,781</b>
Canada Community Building Fund	2,530,447	758,363	(850,255)	<b>2,438,555</b>
Alberta Municipal Water / Wastewater Partnership	5,860,555	5,918,340	(11,778,895)	-
Municipal Stimulus Program	163,720	-	(163,720)	-
Alberta Rural Development Network	<u>132,764</u>	<u>-</u>	<u>(132,764)</u>	<u>-</u>
	<u>12,343,808</u>	<u>7,953,760</u>	<u>(13,548,232)</u>	<u><b>6,749,336</b></u>
<u>Operating</u>				
Family Community Support Services	464,541	252,870	(539,193)	<b>178,218</b>
Recreation - Facilities	174,371	363,023	(340,989)	<b>196,405</b>
Other	<u>414,008</u>	<u>767,863</u>	<u>(296,326)</u>	<u><b>885,545</b></u>
	<u>1,052,920</u>	<u>1,383,756</u>	<u>(1,176,508)</u>	<u><b>1,260,168</b></u>
	<u>\$ 13,396,728</u>	<u>\$ 9,337,516</u>	<u>\$ (14,724,740)</u>	<u><b>\$ 8,009,504</b></u>



## **10. CONTAMINATED SITES**

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 (2021 - \$120,000). The liability is reported in Accounts payable and accrued liabilities (Note 7) 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.

## **11. 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 4.90% (2021 - 2.50%) and assuming an annual inflation of 2.00% (2021 - 2.63%) 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, 2022, approximately 21.95% (2021 - 56%) of the aggregate landfill capacity has been utilized.

	<u><b>2022</b></u>	<u><b>2021</b></u>
Estimated closure costs	\$ <b>1,427,180</b>	\$ 1,684,014
Estimated post-closure costs	<u><b>1,167,133</b></u>	<u>1,569,868</u>
Estimated total liability	<u><b>\$ 2,594,313</b></u>	<u>\$ 3,253,882</u>
Percentage of liability accrued by the City	<u><b>22.24%</b></u>	<u>18.00%</u>
Amount accrued by the City	<u><b>\$ 576,895</b></u>	<u>\$ 585,699</u>
Estimated liability still to be accrued	<u><b>\$ 2,017,418</b></u>	<u>\$ 2,668,183</u>

The City has designated assets for settling closure and post closure liabilities. As at December 31, 2022, the balance of the landfill reclamation reserve amounted to \$1,277,731 (2021 - \$1,219,117).

**CITY OF WETASKIWIN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

**12. LONG TERM DEBT**

	<u>2022</u>	<u>2021</u>
Tax-supported debentures	\$ 12,361,743	\$ 13,653,030
Self-supported debentures	426,672	6,584,835
Local improvement debentures	<u>24,687</u>	<u>95,010</u>
	<u>\$ 12,813,102</u>	<u>\$ 20,332,875</u>

The current portion of the long-term debt amounts to \$1,178,765 (2021 - \$1,938,596).

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,178,765	\$ 458,199	\$ 1,636,964
2024	1,104,849	412,147	1,516,996
2025	959,728	369,435	1,329,163
2026	999,601	327,790	1,327,391
2027	834,270	285,342	1,119,612
Thereafter	<u>7,735,889</u>	<u>2,043,597</u>	<u>9,779,486</u>
	<u>\$ 12,813,102</u>	<u>\$ 3,896,510</u>	<u>\$ 16,709,612</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 amounted to \$705,624 (2021 - \$784,674). The City's total cash payments for interest is \$708,507 (2021 - \$801,132).

**13. 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 City be disclosed as follows:

	<u>2022</u>	<u>2021</u>
Total debt limit	\$ 50,635,565	\$ 50,712,729
Total debt	<u>(12,813,102)</u>	<u>(20,332,875)</u>
Amount of debt limit unused	<u>\$ 37,822,463</u>	<u>\$ 30,379,854</u>
Service on debt limit	\$ 8,439,261	\$ 8,452,122
Service on debt	<u>(1,636,964)</u>	<u>(2,655,308)</u>
Amount of service on debt limit unused	<u>\$ 6,802,297</u>	<u>\$ 5,796,814</u>

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 financial statements must be interpreted as a whole.

**CITY OF WETASKIWIN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

**14. ACCUMULATED SURPLUS**

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

	<u>2022</u>	<u>2021</u>
Unrestricted surplus	\$ <u>2,139,769</u>	\$ <u>4,838,443</u>
Restricted surplus		
Peace Hills Utilities Inc.	8,555,091	-
Infrastructure tax	2,524,315	1,386,260
Equipment pool	3,212,593	2,230,358
Sewer	1,800,608	4,178,895
Stabilization	1,724,098	1,745,769
Land development	1,414,004	918,243
General contingency	1,386,027	1,445,009
Landfill reclamation	1,277,731	1,219,117
Fire equipment	1,003,138	691,088
Water	614,627	3,037,885
Solid waste	550,931	529,969
Storm water	469,936	452,056
Snow removal stabilization	359,000	359,000
Library	283,355	198,794
Manluk pool	266,812	176,660
Carry forward - operating	256,307	96,961
Information technology	235,478	203,738
RCMP	218,589	218,589
Public art	156,277	125,331
Memorial fund	93,027	70,112
Public transit	68,665	66,053
Cemetery care fund	60,681	55,972
Carry forward - capital	51,930	51,930
Community land	50,086	50,086
Airport	<u>729</u>	<u>701</u>
	<u>26,634,035</u>	<u>19,508,576</u>
Equity in tangible capital assets (Note 15)	<u>146,364,015</u>	<u>127,883,681</u>
	<u>\$ 175,137,819</u>	<u>\$ 152,230,700</u>

**15. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2022</u>	<u>2021</u>
Net book value of tangible capital assets	\$ 158,411,739	\$ 147,309,413
Long-term debt	(12,813,102)	(20,332,875)
Debt recoverable - local improvements	<u>765,378</u>	<u>907,143</u>
	<u>\$ 146,364,015</u>	<u>\$ 127,883,681</u>

**CITY OF WETASKIWIN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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**16. FRANCHISE AND CONCESSION CONTRACTS**

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

	<u>2022</u>	<u>2021</u>
Fortis Alberta	\$ 1,392,276	\$ 1,300,108
ATCO Gas	<u>1,377,348</u>	<u>1,136,349</u>
	<u>\$ 2,769,624</u>	<u>\$ 2,436,457</u>

**17. FUNDS IN TRUST**

The City administers the following trust funds:

	<u>2022</u>	<u>2021</u>
Volunteer fire department	\$ 133,971	\$ 103,995
Christmas hamper	32,809	32,213
Ashoro trust	14,235	13,977
Archives	9,925	9,745
Beautification program	<u>1,719</u>	<u>1,688</u>
	<u>\$ 192,659</u>	<u>\$ 161,618</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.

**18. CONTINGENT LIABILITIES**

- a) The City is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of the 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.
- b) The City is a defendant in various 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.

**CITY OF WETASKIWIN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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**19. CONTRACTUAL OBLIGATIONS**

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

2023	\$	28,190
2024		28,190
2025		28,190
2026		<u>16,444</u>
Total	\$	<u>101,014</u>

**20. 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% of pensionable earnings up to the year's maximum pensionable earnings ("YMPE") under the Canada Pension Plan ("CPP") and 12.80% of the excess.

Total current service contributions made by the City to the LAPP in 2022 were \$565,043 (2021 - \$706,561). Total current service contributions made by the employees of the City to the LAPP in 2022 were \$504,225 (2021 - \$643,993).

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

**21. SEGMENTED INFORMATION**

Segmented information has been identified based upon lines of service provided by the City. City 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:

*(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 City 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.

(CONT'D)

**21. SEGMENTED INFORMATION (CONT'D)**

*(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 to help maintain safe communities and public safety in disaster situations. 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) Recreation*

Recreation is comprised of Parks and Recreation. These areas provide recreational services and are responsible for the parks, playgrounds, facilities, and green spaces of the City.

*(i) Culture*

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

*(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 25 to these consolidated financial statements provides condensed financial information for PHUI.

Certain allocation methodologies are employed in the preparation of segmented financial information. 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.

**CITY OF WETASKIWIN****Notes to Consolidated Financial Statements****Year Ended December 31, 2022**

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**22. BUDGET**

The budget presented in these financial statements are based on the budget approved by City Council on April 13, 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 eliminations adjustments required to comply with Canadian public sector accounting standards for inclusion in the consolidated statement of operations and accumulated surplus. 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>2022</u> (Budget)	<u>2022</u> (Actual)	2021 (Actual)
Annual surplus	\$ (951,710)	\$ <b>22,737,763</b>	\$ 7,246,359
Transfer from reserves	4,581,210	<b>11,417,324</b>	12,187,739
Transfer to reserves	(3,013,950)	<b>(4,320,968)</b>	(6,369,195)
Net internal cost recoveries	720,960	-	-
Principal debt repayments	<u>(1,336,510)</u>	<u><b>(7,519,773)</b></u>	<u>(1,870,633)</u>
	<u>951,710</u>	<u><b>(423,417)</b></u>	<u>3,947,911</u>
Results of Operations as Budgeted	\$ <u>-</u>	\$ <u><b>22,314,346</b></u>	\$ <u>11,194,270</u>

**23. 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 receivables 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.

**24. APPROVAL OF FINANCIAL STATEMENTS**

These consolidated financial statements were approved by City and management on January 22, 2024.

**CITY OF WETASKIWIN****Notes to Consolidated Financial Statements****Year Ended December 31, 2022**

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**25. 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 condensed supplementary financial information for PHUI.

	<u><b>2022</b></u>
<b>Financial Position</b>	
Current assets	\$ 3,044,507
Non-current assets	<u>5,952,706</u>
Total assets	<u>8,997,213</u>
Current liabilities	<u>442,122</u>
Total liabilities	<u>442,122</u>
Investment in PHUI	<u><u>\$ 8,555,091</u></u>
<b>Results of Operations</b>	
Revenues	\$ 7,065,241
Expenses	<u>3,227,258</u>
Net income	<u><u>\$ 3,837,983</u></u>
<b>Changes in Shareholder's Equity</b>	
Shareholder's equity, Opening	\$ -
Net income	3,837,983
Other comprehensive income	169,356
Capital contributions	<u>4,547,752</u>
Shareholder's equity, Closing	<u><u>\$ 8,555,091</u></u>

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

	<u><b>2022</b></u>
Sale of repair and maintenance services from the City	\$ 456,105
Utility consumption purchased by the City	60,482

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><b>2022</b></u>
Trades and other receivables	\$ 1,895,127
Accounts payable and accrued liabilities	<u>(7,130,725)</u>
	<u><u>\$ (5,235,598)</u></u>

(CONT'D)



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

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 7).

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

**26. RESTRUCTURING**

On February 14, 2022, Council approved the creation of Peace Hills Utilities Inc. ("PHUI"), a municipally controlled corporation for the construction, financing, and long-term operations and maintenance services of the City's water and wastewater facilities. PHUI is wholly-owned by the City. On March 8, 2022, responsibility for the operation of the City's water and wastewater operations was assumed by PHUI.

The City transferred \$4,000,000 of reserves along with \$547,742 in cash as a capital contribution to PHUI. In return, the City received \$7,000,000 in cash to be used for the repayment of existing debentures related to the construction of water and wastewater infrastructure. As at December 31, 2022, \$408,085 remained unspent and is recorded within Deferred revenue - Other operating (Note 9). The City has committed to transferring additional assets to PHUI; however, the total assets to be transferred and the timing of the transfer have not been finalized.

Restructuring-related costs are recognized as expenses as incurred. As part of the formation of PHUI, the City incurred \$61,399 (2021 - \$377,690) in restructuring-related costs.

Sales are user charges related to water supply and distribution, wastewater treatment and disposal, and the corresponding operational expenses are expected to decrease in future years as a result of the restructuring. For the year ended December 31, 2022, sales and user charges earned amounted to \$1,176,867 (2021 - \$7,446,457). Operating expenses amounted to \$1,441,828 (2021 - \$2,653,483).

**27. RESTATEMENT**

The City has adjusted certain financial statement accounts as of December 31, 2021 due to the following:

Tangible capital assets - Construction in progress

A review of construction in progress projects identified amounts recorded in error in prior years.

Government transfers

Grant funding related to construction in progress have not been accrued for work completed in prior periods.

Landfill closure and post-closure liability

The timing of the future cash flows were recorded in error in the calculation of the landfill closure and post-closure liability. Moreover, the liability was not updated to reflect estimated usage in the fiscal year.

Local improvement tax receivable

Local improvement taxes have been incorrectly accrued or accrued at incorrect amounts.

Completeness of transactions

Transactions that occurred in the year were not recorded.

**CITY OF WETASKIWIN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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**27. RESTATEMENT (CONT'D)**

Comparative figures have been restated as follows.

	<u>As Previously Stated</u>	<u>Restatement</u>	<u>As Restated</u>
<b>Consolidated statement of financial position</b>			
<b>Assets</b>			
Trade and other receivables	\$ 13,116,717	(216,927)	\$ <b>12,899,790</b>
Land held for resale	<u>816,831</u>	<u>600,000</u>	<u><b>1,416,831</b></u>
	\$ 13,933,548	383,073	\$ <b>14,316,621</b>
<b>Liabilities</b>			
Deferred revenue	\$ 14,580,747	\$ (1,184,019)	\$ <b>13,396,728</b>
Landfill closure and post-closure liability	<u>\$ 3,749,747</u>	<u>(3,164,048)</u>	<u><b>\$ 585,699</b></u>
	\$ 18,330,494	(4,348,067)	\$ <b>13,982,427</b>
<b>Net financial assets (debt)</b>	\$ (52,083)	4,731,140	\$ <b>4,679,057</b>
<b>Non-financial assets</b>			
Tangible capital assets	\$148,547,281	(1,237,868)	\$ <b>147,309,413</b>
<b>Consolidated statement of operations and accumulated surplus</b>			
<b>Revenues</b>			
Sales and user charges	\$ 9,910,497	\$ (98,765)	\$ <b>9,811,732</b>
Other revenues	<u>\$ 902,313</u>	<u>(455,360)</u>	<u><b>\$ 446,953</b></u>
	\$ 10,812,810	(554,125)	\$ <b>10,258,685</b>
<b>Expenses</b>			
Waste management	\$ 1,108,718	45,816	\$ <b>1,154,534</b>
Legislative	<u>\$ 439,852</u>	<u>(28,306)</u>	<u><b>\$ 411,546</b></u>
	\$ 1,548,570	17,510	\$ <b>1,566,080</b>
<b>Other income</b>			
Government transfers for capital	\$ 5,649,366	1,184,019	\$ <b>6,833,385</b>
Gain (loss) on disposal of assets	<u>\$ -</u>	<u>(7,677)</u>	<u><b>\$ (7,677)</b></u>
	\$ 5,649,366	1,176,342	\$ <b>6,825,708</b>
<b>Annual surplus</b>	<u><u>\$ 6,641,652</u></u>	<u><u>604,707</u></u>	<u><u><b>\$ 7,246,359</b></u></u>
<b>Accumulated surplus</b>			
Accumulated surplus - Beginning of year	\$142,067,470	2,916,871	\$ <b>144,984,341</b>
Accumulated surplus - End of year	\$148,737,428	3,493,272	\$ <b>152,230,700</b>

Certain comparative figures have been reclassified to conform to the current year's presentation.

**CITY OF WETASKIWIN**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2022**

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**28. 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>Salary<sup>(1)</sup></u>	<u>Benefits<sup>(2)</sup></u>	<u><b>Total 2022</b></u>	<u><b>Total 2021</b></u>
Mayor T. Gandam	\$ 78,476	\$ 7,861	\$ <b>86,337</b>	\$ 86,551
Councillor K. Aberle	33,720	7,192	<b>40,912</b>	6,914
Councillor D. Billingsley	38,315	5,306	<b>43,621</b>	39,892
Councillor G. Blatz-Morgan	33,348	3,863	<b>37,211</b>	42,656
Councillor B. Elliot	39,245	5,326	<b>44,571</b>	9,359
Councillor K. Lonsdale	33,294	7,191	<b>40,485</b>	40,680
Councillor W. Neilson	38,315	5,306	<b>43,621</b>	39,332
Councillor J. Branco	-	-	-	34,312
Councillor A. Hilgartner	-	-	-	30,671
	<u>\$ 294,713</u>	<u>\$ 42,045</u>	<u>\$ <b>336,758</b></u>	<u>\$ 330,367</u>
 City Manager	 <u>\$ 183,844</u>	 <u>\$ 30,923</u>	 <u>\$ <b>214,767</b></u>	 <u>\$ 211,520</u>

(1) - Salary includes regular base pay, bonuses, lump sum payments, 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..