

**TOWN OF WHITECOURT**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022



---

## INDEPENDENT AUDITORS' REPORT

---

To the Mayor and Council of the Town of Whitecourt

### *Opinion*

We have audited the consolidated financial statements (the “financial statements”) of the Town of Whitecourt (the “Town”), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, change 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2022, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (Council) are responsible for overseeing the Town's financial reporting process.

(continues)



*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town'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 or, 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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**METRIX GROUP LLP**

Chartered Professional Accountants

Edmonton, Alberta  
April 24, 2023

**TOWN OF WHITECOURT**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (note 2)	\$ 47,627,459	\$ 40,614,215
Trade and other receivables (note 3)	9,086,136	12,958,126
Local improvement receivables (note 4)	2,002,903	2,078,131
Loans receivable (note 5)	1,399,760	1,471,165
Inventory for resale	15,704	17,315
Land held for resale	1,281,183	1,281,183
	<u>61,413,145</u>	<u>58,420,135</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 4,081,412	\$ 3,474,801
Deposit liabilities	332,499	372,005
Employee benefit obligations (note 6)	1,566,979	1,503,056
Deferred revenue (note 7)	16,681,137	16,906,961
Provision for landfill closure and post-closure costs (note 8)	656,485	593,872
Long-term debt (note 9)	11,318,758	12,398,280
	<u>34,637,270</u>	<u>35,248,975</u>
<b>NET FINANCIAL ASSETS</b>	<u>26,775,875</u>	<u>23,171,160</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 1)	\$ 148,973,962	\$ 150,897,282
Inventory for consumption	829,759	820,740
Prepaid expenses	195,288	267,656
	<u>149,999,009</u>	<u>151,985,678</u>
<b>ACCUMULATED SURPLUS (schedule 6, note 12)</b>	<u>\$ 176,774,884</u>	<u>\$ 175,156,838</u>
Contingencies (note 20)		
Contractual Rights and Obligations (note 22)		

**TOWN OF WHITECOURT**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget (note 16)	2022	2021
<b>REVENUES</b>			
Net municipal taxes (schedule 2)	\$ 14,993,779	\$ <b>14,934,768</b>	\$ 14,482,754
Sales and user charges	10,337,258	<b>8,963,302</b>	7,893,430
Fine revenue	733,600	<b>828,671</b>	682,856
Government transfers (schedule 3)	4,926,008	<b>3,937,844</b>	3,408,022
Penalties and costs on taxes	213,094	<b>336,893</b>	303,423
Franchise and concession contracts (note 13)	1,650,752	<b>1,619,610</b>	1,409,387
Development levies	-	<b>72,237</b>	80,009
Investments income	377,058	<b>963,027</b>	347,431
Rentals	488,932	<b>537,755</b>	339,854
Other revenues	299,188	<b>547,511</b>	248,731
	<u>34,019,669</u>	<u><b>32,741,618</b></u>	<u>29,195,897</u>
<b>EXPENDITURES</b>			
Operating			
Legislative	\$ 490,584	\$ <b>446,166</b>	\$ 369,783
Administration	3,391,821	<b>3,299,941</b>	3,184,063
Policing and bylaw	2,971,311	<b>3,505,370</b>	3,392,478
Fire	1,864,349	<b>1,609,176</b>	1,237,755
Disaster	242,392	<b>123,668</b>	441,088
Roads, streets, walks, lighting & storm sewers	8,119,817	<b>7,300,388</b>	6,402,830
Water supply and distribution	2,811,945	<b>2,548,180</b>	2,263,053
Wastewater treatment and disposal	2,121,732	<b>1,885,872</b>	1,775,830
Waste management	1,818,446	<b>1,821,647</b>	1,691,552
Community support, public transit and cemetery	1,908,492	<b>1,768,773</b>	1,828,328
Planning and development	2,073,719	<b>1,460,261</b>	1,657,959
Recreation, parks and culture	9,351,901	<b>8,956,256</b>	7,308,702
	<u>37,166,509</u>	<u><b>34,725,698</b></u>	<u>31,553,421</u>
<b>ANNUAL DEFICIT- BEFORE OTHER</b>	<b>(3,146,840)</b>	<b>(1,984,080)</b>	<b>(2,357,524)</b>
<b>OTHER</b>			
Gain (Loss) on disposal of tangible capital assets	\$ -	\$ <b>(51,223)</b>	\$ (118,472)
Contributed tangible capital assets (schedule 1)	-	-	-
Government transfers for capital (schedule 3)	6,583,013	<b>3,653,349</b>	7,378,859
	<u>6,583,013</u>	<u><b>3,602,126</b></u>	<u>7,260,387</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>3,436,173</b>	<b>1,618,046</b>	<b>4,902,863</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>175,156,838</b>	<b>175,156,838</b>	<b>170,253,975</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><u>\$ 178,593,011</u></u>	<u><u>\$ <b>176,774,884</b></u></u>	<u><u>\$ 175,156,838</u></u>

**TOWN OF WHITECOURT**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget (note 16)	2022	2021
ANNUAL SURPLUS (DEFICIT)	\$ 3,436,173	\$ 1,618,046	\$ 4,902,863
Purchase of tangible capital assets	(8,513,492)	(4,480,106)	(8,791,942)
Contributed tangible capital assets	-	-	-
Proceeds on disposal of tangible capital assets	69,300	49,651	53,885
Amortization of tangible capital assets	6,555,403	6,302,552	5,840,286
Loss on disposal of tangible capital assets	-	51,223	118,472
	(1,888,789)	1,923,320	(2,779,299)
Decrease (increase) in inventory for consumption	-	(9,019)	(35,975)
Decrease (increase) in prepaid expenses	-	72,368	(187,408)
	-	63,349	(223,383)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	1,547,384	3,604,715	1,900,181
NET FINANCIAL ASSETS, BEGINNING OF YEAR	23,171,160	23,171,160	21,270,979
NET FINANCIAL ASSETS, END OF YEAR	\$ 24,718,544	\$ 26,775,875	\$ 23,171,160

**TOWN OF WHITECOURT**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
OPERATING		
ANNUAL SURPLUS (DEFICIT)	\$ 1,618,046	\$ 4,902,863
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	6,302,552	5,840,286
Loss on disposal of tangible capital assets	51,223	118,472
Contributed tangible capital assets	-	-
Changes in non-cash working capital balances related to operations:		
Decrease (increase) in trade and other receivables	3,871,990	(4,527,213)
Decrease (increase) in local improvement receivable	75,228	76,443
Decrease (increase) in loans receivable	71,405	84,808
Decrease (increase) in inventory for resale	1,611	10,463
Decrease (increase) in land held for resale	-	-
Decrease (increase) in inventory for consumption	(9,019)	(35,975)
Decrease (increase) in prepaid expenses	72,368	(187,408)
Increase (decrease) in accounts payable and accrued liabilities	606,611	1,111,842
Increase (decrease) in deposit liabilities	(39,506)	73,600
Increase (decrease) in employee benefit obligations	63,923	93,492
Increase (decrease) in provision for landfill closure/post-closure	62,613	69,365
Increase (decrease) in deferred revenue	(225,824)	2,699,996
Cash provided by operating transactions	<u>12,523,221</u>	<u>10,331,034</u>
CAPITAL		
Purchase of tangible capital assets	\$ (4,480,106)	\$ (8,791,942)
Proceeds on disposal of tangible capital assets	49,651	53,885
Cash applied to capital transactions	<u>(4,430,455)</u>	<u>(8,738,057)</u>
FINANCING		
Long-term debt repaid	\$ (1,079,522)	\$ (1,616,937)
Cash applied to financing transactions	<u>(1,079,522)</u>	<u>(1,616,937)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	7,013,244	(23,960)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	40,614,215	40,638,175
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 47,627,459</u>	<u>\$ 40,614,215</u>

**TOWN OF WHITECOURT**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(Schedule 1)

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2022	2021
<b>COST:</b>							
BALANCE, BEGINNING OF YEAR	\$ 27,322,282	\$ 63,096,739	\$ 171,296,056	\$ 8,925,671	\$ 11,911,864	<b>\$ 282,552,612</b>	\$ 274,331,118
Purchase of tangible capital assets	-	651,353	3,275,585	112,762	440,406	<b>4,480,106</b>	8,791,942
Contributed tangible capital assets	-	-	-			-	-
Disposal of tangible capital assets	-	-	(432,735)	(840,059)	(450,303)	<b>(1,723,097)</b>	(570,448)
BALANCE, END OF YEAR	27,322,282	63,748,092	174,138,906	8,198,374	11,901,967	<b>285,309,621</b>	282,552,612
<b>ACCUMULATED AMORTIZATION:</b>							
BALANCE, BEGINNING OF YEAR	-	19,487,383	100,451,942	5,672,291	6,043,714	<b>131,655,330</b>	126,213,135
Annual amortization	-	1,251,755	3,928,440	351,452	770,905	<b>6,302,552</b>	5,840,286
Accumulated amortization on disposals	-	-	(444,215)	(774,626)	(403,382)	<b>(1,622,223)</b>	(398,091)
BALANCE, END OF YEAR	-	20,739,138	103,936,167	5,249,117	6,411,237	<b>136,335,659</b>	131,655,330
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 27,322,282</b>	<b>\$ 43,008,954</b>	<b>\$ 70,202,739</b>	<b>\$ 2,949,257</b>	<b>\$ 5,490,730</b>	<b>\$ 148,973,962</b>	<b>\$ 150,897,282</b>

Cost includes construction in progress of \$2,922,538 (2021 - \$5,898,387). These amounts are not amortized until the asset is completed and in use.  
No assets were contributed to the Town in 2022 (2021 - \$0).



**TOWN OF WHITECOURT**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(Schedule 2)

	Budget (note 16)	2022	2021
<b>TAXATION</b>			
Real property taxes	\$ 17,317,780	\$ 17,261,205	\$ 16,930,934
Designated industrial property taxes	3,136,630	3,135,518	2,971,187
Government grants in place of property taxes	134,927	134,927	171,267
	<u>20,589,337</u>	<u>20,531,650</u>	<u>20,073,388</u>
<b>REQUISITIONS</b>			
Alberta School Foundation	4,713,801	4,759,293	4,755,978
Living Waters Catholic Regional Division No. 42	455,697	411,499	412,007
Seniors Foundation	406,794	406,774	404,635
Designated Industrial Property	19,266	19,316	18,014
	<u>5,595,558</u>	<u>5,596,882</u>	<u>5,590,634</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u>\$ 14,993,779</u>	<u>\$ 14,934,768</u>	<u>\$ 14,482,754</u>

**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(Schedule 3)

	Budget (note 16)	2022	2021
<b>TRANSFERS FOR OPERATING</b>			
Federal Government	\$ 1,273,354	\$ 721,443	\$ 171,898
Provincial Government	1,953,752	1,400,010	1,615,250
Other Local Governments	1,698,902	1,816,391	1,620,874
	<u>4,926,008</u>	<u>3,937,844</u>	<u>3,408,022</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal Government	1,711,827	1,243,988	2,043,931
Provincial Government	4,149,050	2,140,200	5,255,145
Other Local Governments	722,136	269,161	79,783
	<u>6,583,013</u>	<u>3,653,349</u>	<u>7,378,859</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 11,509,021</u>	<u>\$ 7,591,193</u>	<u>\$ 10,786,881</u>

**TOWN OF WHITECOURT**  
**SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(Schedule 4)

<b>Expenditures</b>	Budget (note 16)	<b>2022</b>	2021
Salaries, wages and benefits	\$ 14,833,479	<b>\$ 14,045,956</b>	\$ 13,077,840
Contracted and general services	9,673,211	<b>8,180,313</b>	7,331,512
Materials, goods, supplies and utilities	4,764,995	<b>4,963,826</b>	4,121,362
Transfers to local boards and agencies	849,422	<b>708,394</b>	642,491
Bank charges and short term interest	69,565	<b>87,711</b>	68,266
Interest on long term debt	355,184	<b>350,942</b>	392,356
Other	65,250	<b>86,004</b>	79,308
Amortization of tangible capital assets	6,555,403	<b>6,302,552</b>	5,840,286
	<u>\$ 37,166,509</u>	<u><b>\$ 34,725,698</b></u>	<u>\$ 31,553,421</u>

**TOWN OF WHITECOURT**  
SCHEDULE OF SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Schedule 5)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning & Development	Recreation & Culture	Total
<b>REVENUES</b>								
Net municipal taxes	\$ 14,934,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,934,768
Sales, user charges and fines	61,866	1,031,661	111,112	6,724,616	97,762	62,359	1,702,597	9,791,973
Government transfers	33,489	840,492	1,121,716	45,680	811,529	29,056	1,055,882	3,937,844
Penalties and costs on taxes	321,964	-	-	14,929	-	-	-	336,893
Franchise and concession contracts	1,619,610	-	-	-	-	-	-	1,619,610
Development levies	-	-	36,963	35,274	-	-	-	72,237
Investments income	826,977	-	70,370	65,680	-	-	-	963,027
Rentals	-	45,617	-	-	-	30,621	461,517	537,755
Other revenues	128,426	78,781	-	-	145,004	-	195,300	547,511
	<u>17,927,100</u>	<u>1,996,551</u>	<u>1,340,161</u>	<u>6,886,179</u>	<u>1,054,295</u>	<u>122,036</u>	<u>3,415,296</u>	<u>32,741,618</u>
<b>EXPENDITURES</b>								
Salaries, wages and benefits	2,491,682	1,470,021	2,169,739	1,745,975	1,217,314	791,188	4,160,037	14,045,956
Contracted and general services	842,716	2,972,072	1,385,729	1,452,554	202,528	297,171	1,027,543	8,180,313
Materials, goods, supplies and utilities	227,078	418,898	704,931	1,588,408	266,516	78,615	1,679,380	4,963,826
Transfers to local boards and agencies	-	32,086	42,416	-	36,231	59,000	538,661	708,394
Bank charges and short term interest	64,681	977	-	3,618	-	-	18,435	87,711
Interest on long term debt	-	-	66,830	22,169	-	212,991	48,952	350,942
Other	66,041	-	-	18,351	-	-	1,612	86,004
	<u>3,692,198</u>	<u>4,894,054</u>	<u>4,369,645</u>	<u>4,831,075</u>	<u>1,722,589</u>	<u>1,438,965</u>	<u>7,474,620</u>	<u>28,423,146</u>
<b>NET REVENUE (DEFICIT), BEFORE AMORTIZATION</b>	14,234,902	(2,897,503)	(3,029,484)	2,055,104	(668,294)	(1,316,929)	(4,059,324)	4,318,472
Amortization of tangible capital assets	53,908	344,160	2,930,743	1,424,623	46,185	21,296	1,481,637	6,302,552
<b>NET REVENUE (DEFICIT)</b>	<u>\$ 14,180,994</u>	<u>\$ (3,241,663)</u>	<u>\$ (5,960,227)</u>	<u>\$ 630,481</u>	<u>\$ (714,479)</u>	<u>\$ (1,338,225)</u>	<u>\$ (5,540,961)</u>	<u>\$ (1,984,080)</u>

**TOWN OF WHITECOURT**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(Schedule 6)

	Unrestricted Surplus (Deficit)	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ -</b>	<b>\$ 32,792,945</b>	<b>\$ 142,363,893</b>	<b>\$ 175,156,838</b>	<b>\$ 170,253,975</b>
Annual Surplus (Deficit)	1,618,046	-	-	<b>1,618,046</b>	4,902,863
Unrestricted funds designated for future use	(6,829,849)	6,829,849		-	-
Restricted funds used for tangible capital assets		(4,076,868)	4,076,868	-	-
Current year funds used for tangible capital assets	(403,238)		403,238	-	-
Contributed tangible capital assets	-		-	-	-
Net book value of tangible capital assets disposed of	100,873	-	(100,873)	-	-
Annual amortization expense	6,302,552	-	(6,302,552)	-	-
Long term debt repaid - recoverable	23,604	-	(23,604)	-	-
Long term debt repaid - capital	(811,988)	-	811,988	-	-
Change in accumulated surplus	-	2,752,981	(1,134,935)	<b>1,618,046</b>	4,902,863
<b>BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 35,545,926</b>	<b>\$ 141,228,958</b>	<b>\$ 176,774,884</b>	<b>\$ 175,156,838</b>

**TOWN OF WHITECOURT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Whitecourt are the representations of management prepared in accordance with Public Sector Accounting Standards. Significant aspects of the accounting policies adopted by the Town are as follows:

**a. Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances, and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and, therefore, accountable to the Town Council for the administration of their financial affairs and resources.

The Town accounts for government partnerships using the proportionate consolidation method. Under this method, the Town's proportionate share of assets, liabilities, revenues, expenditures and changes in the fund balances and financial position are included in the consolidated financial statements. The consolidated financial statements include the Town's share of the Whitecourt Regional Solid Waste Management Authority (the "Authority"). Condensed financial information is included in Note 22.

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

**b. Basis of Accounting**

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

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenditures are incurred, services performed or the tangible capital assets are acquired.

**TOWN OF WHITECOURT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**c. Use of Estimates**

The preparation of financial statements in conformity with Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

**d. Cash and cash equivalents**

Cash and cash equivalents includes operating bank accounts and guaranteed investment certificates. All items are readily convertible to known amounts of cash and are subject to an insignificant change in value.

**e. Valuation of Financial Assets and Liabilities**

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

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Short-term investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Loans receivable and debt charges recoverable	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term debt subject to an insignificant change in value.	Amortized cost

**f. Investments**

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions 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.

Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments.

When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

**g. Loans Receivable**

Loans receivable are initially recognized at cost, net of any transactions costs, with interest income recognized using the effective interest method. Loans receivable are subsequently measured at amortized cost net of any valuation allowances.

**TOWN OF WHITECOURT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**h. Debt Charges Recoverable**

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

**i. Long-term debt**

Long-term debt is initially recognized net of any premiums, discounts, fees and transactions costs, with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

**j. 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.

**k. Inventories for Resale**

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

**l. Tax Revenue**

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

**m. Local Improvement**

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality. Revenues to be received from the local improvement levies are recognized in full in the period in which the local improvement project is completed.

**n. Contaminated Sites**

Contaminated sites are defined as the result of contamination being introduced in the air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Town is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

**TOWN OF WHITECOURT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**o. Revenue Recognition**

Revenue from transactions with no performance obligation is recognized at realizable value when the town has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

**p. 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 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.

**q. New Accounting Standards not yet Adopted**

Effective for fiscal years beginning on or after April 1, 2022, PS 3280 Asset Retirement Obligations provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Effective for fiscal years beginning on or after April 1, 2023, PS 3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and non-exchange transactions.

**r. Landfill Closure and Post-Closure Liability**

Pursuant to the Alberta Environmental Protection and Enhancement Act, the Town is required to fund the closure of its landfill site 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 site based on usage.



**TOWN OF WHITECOURT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**s. 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 annual surplus, provides the consolidated Change in Net Financial Assets for the year.

**i. Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on the straight-line basis over the estimated useful life as follows:

	<b><u>YEARS</u></b>
Land Improvements	15-25
Buildings	25-50
Engineered Structures	
Roadway System	05-60
Water System	45-75
Wastewater System	45-75
Storm System	45-75
Machinery and Equipment	05-40
Vehicles	07-25

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

**ii. Contributed Tangible Capital Assets**

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

**iii. Inventories**

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

**iv. Cultural and Historical Tangible Capital Assets**

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

**TOWN OF WHITECOURT**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

<b>2. CASH AND CASH EQUIVALENTS</b>	<b>2022</b>	2021
Cash	<b>\$ 21,823,834</b>	\$ 14,777,638
Temporary investments	<b>25,803,625</b>	25,836,577
	<b><u>\$ 47,627,459</u></b>	<b><u>\$ 40,614,215</u></b>

Cash and temporary investments have an average effective interest rate of 2.73% (2021 - 0.80%).  
Temporary investments include guaranteed investment certificates earning interest at rates ranging from 4.43% to 4.5% , maturing April 20 and November 10, 2023.

<b>3. TRADE &amp; OTHER RECEIVABLES</b>	<b>2022</b>	2021
<u>Property Taxes</u>		
Current Taxes	<b>\$ 424,765</b>	\$ 632,251
Arrears	<b>277,609</b>	448,153
Allowance for doubtful accounts	-	(135,643)
	<b><u>\$ 702,374</u></b>	<b><u>\$ 944,761</u></b>
<u>Other</u>		
Trade receivables	<b>\$ 990,380</b>	\$ 806,514
Government grants	<b>6,238,492</b>	10,075,668
Utilities	<b>919,500</b>	808,986
Goods and Services Tax	<b>235,390</b>	322,197
	<b><u>\$ 8,383,762</u></b>	<b><u>\$ 12,013,365</u></b>
	<b><u>\$ 9,086,136</u></b>	<b><u>\$ 12,958,126</u></b>

<b>4. LOCAL IMPROVEMENTS</b>	<b>2022</b>	2021
Local improvements Bylaw 1465 with maturity date of 2041 earning interest at a rate of 3.245%	<b><u>\$ 2,002,903</u></b>	<b><u>\$ 2,078,131</u></b>

**TOWN OF WHITECOURT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**5. LOANS RECEIVABLE**

	<u>2022</u>	<u>2021</u>
Whitecourt Golf & Country Club Loan	<b>\$ 1,133,256</b>	\$ 1,133,256
SG Saints NFP Society	<b>215,385</b>	276,923
Friends of Whitecourt Society - Physician Loans	<b>35,482</b>	22,982
Community Lunch Box Society	-	18,992
Tennille's Hope Kommunity Kitchen	<b>10,969</b>	14,344
Pumpjack Players	<b>4,668</b>	4,668
	<u><b>\$ 1,399,760</b></u>	<u><b>\$ 1,471,165</b></u>

Under the authority of Bylaw 1456, the Town incurred indebtedness by the issuance of a debenture in the amount of \$1,748,000 for the purpose of lending money to a non-profit organization for the construction of a new golf course clubhouse, the appropriate site and course improvements, and the retiring of existing debt. The debenture is for a period of 20 years ending in 2030. The Town will receive funds from the Whitecourt Golf and Country Club in each year sufficient to pay the indebtedness, with the exception of an interest free portion of the loan. The Town has acquired adequate security in case of default. The loan to Whitecourt Golf & Country Club is repayable in semi-annual payments of \$64,596 to June 1, 2030 including interest at 4.124%. The balance outstanding at December 31, 2022 is \$1,133,256.

The Town of Whitecourt entered into renovation contribution agreement with Stark Sports Society to share the cost of constructing a dressing room for use by the Whitecourt Wolverines Junior A Hockey Team at the Scott Safety Centre. On July 15, 2021 the Team was purchased by SG Saints NFP Society and the renovation contribution agreement was transferred to the new owner. The final cost of the project is \$800,000 with the club's 50% share at \$400,000 on a reimbursement payment schedule of quarterly interest-free payments over 6.5 years upon completion. The balance outstanding at December 31, 2022 is \$215,385.

Under the authority of Bylaw 1405, the Town is committed to providing up to six interest free loans of \$25,000 each to the Friends of Whitecourt Society. The Society will use these loans to attract and retain medical practitioners. Currently there is one outstanding loan to Friends of Whitecourt Society, The balance outstanding at December 31, 2022 is \$35,482.

Under the authority of Bylaw 1529, the Town of Whitecourt has issued a loan of \$72,792 at 0% to The Community Lunch Box Society, a non-profit society, to assist with purchase and renovation of the support centre. Community Lunch Box Society will repay the Town in equal monthly payments over a ten year period ending December 1, 2027. This loan was paid in full in 2022.

Under the authority of Bylaw 1441 & 1512, the Town of Whitecourt has loaned two amounts totaling \$51,000 at 0% to Tennille's Hope Kommunity Kitchen a non-profit society to assist with capital upgrades to the building to facilitate its use as a community kitchen. Tennille's Hope Kommunity Kitchen will repay the Town in annual equal installments over a ten year period ending 2026. The balance outstanding at December 31, 2022 is \$10,969.

The Town of Whitecourt issued a loan of \$5,000 at 0% on May 15, 2008 to the Pumpjack Players a non-profit society for operating expenditures. The balance outstanding at December 31, 2022 is \$4,668.

**TOWN OF WHITECOURT**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**6. EMPLOYEE BENEFIT OBLIGATIONS**

	<u>2022</u>	<u>2021</u>
Vacation and overtime	\$ 838,389	\$ 775,846
Sick leave benefits	728,590	727,210
	<u>\$ 1,566,979</u>	<u>\$ 1,503,056</u>

Vacation

The vacation and overtime liability 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.

Sick leave benefits

Under the sick leave benefit plan, certain employees can accumulate unused sick leave and may become entitled to a cash payment when they leave the employment of the Town of Whitecourt.

**7. DEFERRED REVENUE**

Deferred revenue is comprised of the following amounts, which have been received from third parties for a specified purpose. Additions are comprised of both contributions and interest earned during the year. These amounts are recognized as revenue in the period in which the related costs are incurred.

	<u>2022</u>	<u>2021</u>
Government grants	\$ 16,346,859	\$ 16,767,483
Other	334,152	137,615
Requisition over-levy	126	1,863
	<u>\$ 16,681,137</u>	<u>\$ 16,906,961</u>

**TOWN OF WHITECOURT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**7. DEFERRED REVENUE (CONTINUED)**

Deferred Government grants comprise funding from the following sources:

	2021	Additions	Revenue recognized	2022
Municipal Sustainability Initiative (MSI) Operating & Capital Grant	\$ 14,549,698	\$ 1,595,976	\$(1,816,158)	<b>\$ 14,329,516</b>
Canada Community Building Fund	1,043,489	611,548	(882,910)	<b>772,127</b>
Alberta Community Partnership - Geothermal	24,931	478	(25,409)	-
Alberta Community Partnership - Landfill	-	37,500	-	<b>37,500</b>
Relief for Shortfalls for Transit Operations (RESTOR) Grant	-	23,370	(3,370)	<b>20,000</b>
Alberta Labour Market	-	11,600	-	<b>11,600</b>
Fire Hazard - Forest Resource Improvement Association of Alberta (FRIAA)	9,787	41	(4,049)	<b>5,779</b>
Pine Beetle Grant	18,113	32,721	(45,680)	<b>5,154</b>
Alberta Community Partnership - Regional Business Park Feasibility Study	1,683	-	(1,683)	-
Enabling Accessibility	-	-	-	-
Cannabis Education	-	-	-	-
CARES - Business Incubator Program	-	-	-	-
Family Community Support Services (FCSS)	1,119,782	111,871	(66,470)	<b>1,165,183</b>
	<u>\$ 16,767,483</u>	<u>\$ 2,425,105</u>	<u>\$(2,845,729)</u>	<u><b>\$ 16,346,859</b></u>

**TOWN OF WHITECOURT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**8. LANDFILL CLOSURE AND POST - CLOSURE LIABILITY**

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

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 3% and assuming annual inflation of 2%.

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The landfill operating plan includes 6 phases, which will be closed and reclaimed as they are filled. The estimated remaining capacity of the landfill site is 1.40 million cubic metres. The redesigned landfill site is expected to reach capacity in approximately 2057.

The Town has not designated assets for settling closure and post-closure liabilities.

	<u>2022</u>	<u>2021</u>
Estimated closure costs	<b>\$ 3,398,056</b>	\$ 3,366,810
Estimated post-closure costs	<b>1,366,999</b>	1,363,705
Estimated total liability	<u><b>\$ 4,765,055</b></u>	<u>\$ 4,730,515</u>
Estimated capacity remaining	<b>86.223%</b>	87.446%
Portion of total liability remaining to be recognized	<u><b>\$ 4,108,573</b></u>	<u>\$ 4,136,646</u>
Estimated capacity used	<b>13.777%</b>	12.554%
Accrued liability portion	<u><b>\$ 656,485</b></u>	<u>\$ 593,872</u>

**TOWN OF WHITECOURT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**9. LONG TERM DEBT**

	<b>2022</b>	2021
Supported by general tax levies	<b>\$ 8,049,707</b>	\$ 8,978,997
Supported by utility rates	<b>1,266,148</b>	1,341,152
Supported by special levies - operating	<b>2,002,903</b>	2,078,131
	<b><u>\$ 11,318,758</u></b>	<b><u>\$ 12,398,280</u></b>

The current portion of the long-term debt amounts to \$786,978 (2021 - \$1,079,522). Operating Debt is \$3,249,453 (2021 - \$3,516,986). Capital Debt is \$8,069,305 (2021 - \$8,881,294). (note 11)

Principal and interest repayments are due as follows:	Principal	Interest	Total
2023	786,978	330,012	1,116,990
2024	810,071	306,919	1,116,990
2025	833,867	283,122	1,116,989
2026	802,747	258,601	1,061,348
2027	770,631	235,075	1,005,706
Thereafter	7,314,464	1,115,694	8,430,158
	<b><u>\$ 11,318,758</u></b>	<b><u>\$ 2,529,423</u></b>	<b><u>\$ 13,848,181</u></b>

Debenture debt is repayable to Government of Alberta and bears interest at rates ranging from 2.081% to 4.124% per annum, and mature in periods 2023 through 2041. Debenture debt is issued on the credit and security of the Town of Whitecourt at large.

Total cash payments on long-term debt interest amounted to \$363,364 (2021 - \$421,169). Interest on long-term debt expense amounted to \$350,940 (2021 - \$392,357).

**10. 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 Town of Whitecourt be disclosed as follows:

	<b>2022</b>	2021
Total debt limit	<b>\$ 49,112,427</b>	\$ 43,793,846
Total debt	<b>11,318,758</b>	12,398,280
Amount of debt limit unused	<b><u>\$ 37,793,669</u></b>	<b><u>\$ 31,395,566</u></b>
Debt servicing limit	<b>\$ 8,185,405</b>	\$ 7,298,974
Debt servicing	<b>1,116,990</b>	1,442,886
Amount of debt servicing limit unused	<b><u>\$ 7,068,415</u></b>	<b><u>\$ 5,856,088</u></b>

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

**TOWN OF WHITECOURT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>11. EQUITY IN TANGIBLE CAPITAL ASSETS</b>	<b>2022</b>	<b>2021</b>
Tangible capital assets (Schedule 1)	<b>\$ 285,309,621</b>	\$ 282,552,612
Accumulated amortization (Schedule 1)	<b>(136,335,659)</b>	(131,655,330)
Long term debt - capital (note 9)	<b>(8,069,305)</b>	(8,881,294)
Debt charges recoverable	<b>324,301</b>	347,905
	<b><u>\$ 141,228,958</u></b>	<b><u>\$ 142,363,893</u></b>

**12. ACCUMULATED SURPLUS**

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

	<b>2022</b>	<b>2021</b>
Restricted surplus		
Tax rate stabilization	<b>\$ 8,558,162</b>	\$ 8,520,718
Land fund and reclamation of gravel pit	<b>628,791</b>	588,871
Utility offsite levy and infrastructure	<b>10,739,487</b>	10,122,633
Equipment replacement	<b>4,592,607</b>	3,790,371
Committed expenditures	<b>2,756,450</b>	2,245,976
Major recreational land and facility	<b>8,180,924</b>	7,436,856
Municipal in Lieu	<b>89,505</b>	87,520
	<b><u>\$ 35,545,926</u></b>	<b><u>\$ 32,792,945</u></b>
Equity in tangible capital assets (note 11)	<b><u>141,228,958</u></b>	<b><u>142,363,893</u></b>
Accumulated surplus	<b><u>\$ 176,774,884</u></b>	<b><u>\$ 175,156,838</u></b>

**13. FRANCHISE FEES**

Disclosure of franchise fees under each utility franchise agreement entered into by the Town as required by Alberta Regulation 313/2000 is as follows:

	Budget (note 16)	<b>2022</b>	<b>2021</b>
Fortis Alberta	\$ 690,546	<b>\$ 664,470</b>	\$ 622,477
ATCO Gas Ltd.	960,206	<b>955,140</b>	786,910
	<b><u>\$ 1,650,752</u></b>	<b><u>\$ 1,619,610</u></b>	<b><u>\$ 1,409,387</u></b>



**TOWN OF WHITECOURT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**14. SALARY & BENEFITS DISCLOSURE**

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

	<b>2022</b>			<b>2021</b>
	<b>Salary<sup>1</sup></b>	<b>Benefits &amp; Allowances<sup>2</sup></b>	<b>Total</b>	<b>Total</b>
Councillors:				
Baker	\$ 53,609	\$ 7,416	\$ <b>61,025</b>	\$ 11,846
Chauvet	46,582	7,026	<b>53,608</b>	38,117
Chichak	-	-	-	69,189
Lanctot	44,264	5,682	<b>49,946</b>	11,028
Lapointe	48,764	7,335	<b>56,099</b>	9,668
McAree	36,101	3,937	<b>40,038</b>	37,257
Schlosser	40,001	2,752	<b>42,753</b>	45,093
Pickard	82,568	5,984	<b>88,552</b>	51,984
Hilts	-	-	-	38,818
Connell	-	-	-	31,675
Chief Administrative Officer	\$ 261,313	\$ 42,007	\$ <b>303,320</b>	\$ 290,695

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

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability, vehicle and dismemberment insurance.

**15. FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash and cash equivalents, accounts receivable, trade and other receivables, local improvement receivable, loans receivable, inventory for resale, land for resale, accounts payable and accrued liabilities, deposit liabilities, employee benefit obligations, deferred revenue, provision for landfill closure and post-closure costs and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to accounts receivable and loans receivable. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

# TOWN OF WHITECOURT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2022

#### 16. BUDGET

The budget data presented in these financial statements is based on the operating and capital budgets approved by the Town of Whitecourt Council on April 25, 2022. The chart below reconciles the approved financial plan to the figures reported in these consolidated financial statements.

	<b>2022</b>
Annual surplus (per consolidated statement of operations)	\$ 3,436,173
Amortization of tangible capital assets	6,555,403
Acquisition of tangible capital assets	(8,513,492)
Debenture repayment	(1,079,522)
Total transfers from restricted surplus (per below)	(398,562)
	<u>\$ -</u>
Acquisition of tangible capital assets funded from restricted surplus	\$ 790,282
Net other transfers from restricted surplus	(1,188,844)
Total transfers from restricted surplus	<u>\$ (398,562)</u>

#### 17. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town 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 services are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current and past service contributions by the Town to the LAPP in 2022 were \$771,872 (2021 - \$850,327). Total current and past service contributions by the employees of the Town to the LAPP in 2022 were \$701,273 (2021 - \$778,790).

At December 31, 2021 the Plan disclosed an actuarial surplus of \$11.9 billion (2020 - \$5.0 billion).

**TOWN OF WHITCOURT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**18. SUPPLEMENTARY RETIREMENT PLANS**

APEX

The APEX supplementary pension plan, an Alberta Municipalities sponsored defined benefit plan, covered under the provisions of the Alberta Employment Pension Plans Act, commenced in 2005 and provides supplementary pension plan benefits to a prescribed class of employees. The plan supplements the Local Authorities Pension Plan.

The Town of Whitecourt is required to make current service contributions to APEX of 3.85% of employment income. Employees are required to make current service contributions of 2.61% of employment income.

The current service contributions by the Town of Whitecourt to APEX in 2022 were \$31,181 (2021 - \$29,604). Total current service contributions by the employees of the Town of Whitecourt to APEX for 2022 were \$21,139 (2021 - \$20,069).

The cost of the post retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and administration's best estimate of salary and benefit escalation and retirement ages of employees. The cost of post retirement benefits are fully funded.

MUNISERP

The Town of Whitecourt joined the MuniSERP supplemental employee retirement plan, a plan sponsored by Alberta Municipalities. MuniSERP is a voluntary, non-contributory plan that provides benefits to a prescribed class of employees. Included in accrued liabilities in 2022 is \$315,393 (2021 - \$388,957) held by the Town on the behalf of the beneficiary. The actuarial valuation of the plan for service accrued to December 31, 2022 is estimated to be \$440,291 (2021 - \$387,100).

**19. SEGMENTED DISCLOSURE**

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

Refer to the Schedule of Segmented Disclosure (Schedule 5).

**20. CONTINGENCIES**

The Town of Whitecourt is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town of Whitecourt 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.

The Town of Whitecourt is involved in various legal disputes at December 31, 2022, the outcomes of which are not determinable at the year end. Any related settlements not covered by insurance will be recorded as an expense, when the amount can be reasonably estimated and settlement is likely.

The Town has issued an irrevocable standby letter of credit in the amount of \$ 1,066,035 to Fisheries and Oceans Canada for Athabasca riverbank protection in the event of default on payments. The letter of credit has not been utilized to date.

**TOWN OF WHITECOURT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**21. GOVERNMENT PARTNERSHIPS**

The Town of Whitecourt entered into an amended agreement to form the Whitecourt Regional Solid Waste Management Authority on June 13, 1994. The purpose of the Authority is to construct, own, manage, maintain, operate and use a regional solid waste management and disposal system.

Canadian public sector accounting standards, specifically PS 3060, require proportionate consolidation of an entity's interest in government partnerships as well as specified summary information regarding the financial position and results of operations in government partnerships.

Based on this agreement, the Town's financial statements portion of the partnership is based on per-capital and reflects 68.53% of the results of 2022 operations (2021 - 68.20%).

	<b>2022</b>	2021 (restated)
<b>REVENUE</b>		
Solid waste charges and salvage fees	\$ 1,315,791	\$ 1,035,363
Requisitions	1,368,966	1,563,774
Gain on disposal of tangible capital assets	-	7,527
	<b>2,684,757</b>	2,606,664
<b>EXPENDITURES</b>		
Landfill operations	\$ 935,294	\$ 909,525
General administration	153,366	147,691
Transfer station operations	247,493	250,384
Provision for landfill closure and post-closure	91,364	101,709
Interest on long-term debt	32,349	34,150
Amortization	582,065	223,715
	<b>2,041,931</b>	1,667,174
<b>ANNUAL SURPLUS</b>	<b>\$ 642,826</b>	<b>\$ 939,490</b>
	<b>2022</b>	2021 (restated)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 100	\$ 100
Cash and cash equivalents held in trust	2,417,235	2,121,243
Due from Town of Whitecourt	2,704,899	1,929,718
Receivables	411,528	453,735
	<b>5,533,762</b>	4,504,796
<b>LIABILITIES</b>		
Accounts Payable	\$ 25,802	\$ 15,098
Deferred Revenue	37,500	-
Long-term debt	1,266,148	1,341,152
Landfill closure and post-closure	957,953	856,483
	<b>2,287,403</b>	2,212,733
<b>NET FINANCIAL ASSETS</b>	<b>\$ 3,246,359</b>	<b>\$ 2,292,063</b>

**TOWN OF WHITECOURT**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

**21. GOVERNMENT PARTNERSHIPS (CONTINUED)**

	<b>2022</b>	2021 (restated)
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets	<b>\$ 2,941,529</b>	\$ 3,252,999
<b>ACCUMULATED SURPLUS</b>	<b>\$ 6,187,888</b>	\$ 5,545,062
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<b>\$ 5,545,062</b>	\$ 4,605,572
<b>Add: Annual Surplus</b>	<b>642,826</b>	939,490
ACCUMULATED SURPLUS, END OF YEAR	<b>\$ 6,187,888</b>	\$ 5,545,062

**22. CONTRACTUAL RIGHTS AND OBLIGATIONS**

The Town enters into several Sponsorship Agreements with various local sponsors providing naming rights within the local recreation centres. The terms range between 2 - 5 years, are renewable with 90 days written notice, and payment terms and dates vary based on contract. No future receipts have been accrued in these financial statements.

Anticipated future receipts under these agreements are:

2023	67,891
2024	46,550
2025	32,550
Thereafter	37,100
	<b>\$ 184,091</b>

The Town of Whitecourt, as of December 31, 2022, has contractual obligations of \$3,907,868 over the next year as

	<b>2023</b>
Administrative	108,910
Infrastructure	3,798,958
	<b>\$3,907,868</b>

**23. CREDIT FACILITY**

The Town is approved for a revolving demand loan of \$5,000,000 that is available, if needed, for operating cash flow. The interest is set at prime minus 1.0%. The loan has not been drawn upon. The loan is secured by the cash and cash equivalents of the Town.

**24. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.