

TOWN OF WHITECOURT

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023



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, 2023, 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, 2023, 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.

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Independent Auditors' Report to the Mayor and Council of the Town of Whitecourt (*continued*)

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, 2023

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash and cash equivalents (note 2)	\$ 52,237,418	\$ 47,627,459
Trade and other receivables (note 3)	7,636,728	9,086,136
Local improvement receivables (note 4)	1,925,214	2,002,903
Loans receivable (note 5)	1,259,084	1,399,760
Inventory for resale	30,850	15,704
Land held for resale	1,281,183	1,281,183
	<u>64,370,477</u>	<u>61,413,145</u>
LIABILITIES		
Accounts payable and accrued liabilities	5,185,183	\$ 4,081,412
Deposit liabilities	340,683	332,499
Employee benefit obligations (note 6)	1,629,392	1,566,979
Deferred revenue (note 7)	15,729,635	16,681,137
Landfill closure and post-closure	-	656,485
Asset retirement obligation (note 8)	597,957	-
Long-term debt (note 9)	10,531,780	11,318,758
	<u>34,014,630</u>	<u>34,637,270</u>
NET FINANCIAL ASSETS	<u>30,355,846</u>	<u>26,775,875</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 1)	148,460,223	148,973,962
Inventory for consumption	969,329	829,759
Prepaid expenses	64,758	195,288
	<u>149,494,309</u>	<u>149,999,009</u>
ACCUMULATED SURPLUS (schedule 6, note 12)	<u>\$ 179,850,156</u>	<u>\$ 176,774,884</u>
Contingencies (note 20)		
Contractual Rights and Obligations (note 22)		

TOWN OF WHITECOURT
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (note 16)	2023	2022
REVENUES			
Net municipal taxes (schedule 2)	\$ 15,965,634	\$ 15,961,830	\$ 14,934,768
Sales and user charges	10,496,718	10,052,175	8,963,302
Fine revenue	795,700	527,567	828,671
Government transfers (schedule 3)	5,808,795	4,006,262	3,937,844
Penalties and costs on taxes	215,344	311,526	336,893
Franchise and concession contracts (note 13)	1,794,413	1,620,743	1,619,610
Development levies	-	47,844	72,237
Investments income	1,512,058	1,965,822	963,027
Rentals	501,458	618,088	537,755
Other revenues	450,646	760,727	547,511
	<u>37,540,766</u>	<u>35,872,584</u>	<u>32,741,618</u>
EXPENDITURES			
Operating			
Legislative	498,828	427,625	446,166
Administration	3,455,213	3,255,423	3,299,941
Policing and bylaw	3,528,735	3,437,752	3,505,370
Fire	1,887,842	1,646,254	1,609,176
Disaster	398,255	847,985	123,668
Roads, streets, walks, lighting & storm sewers	8,625,528	7,273,705	7,300,388
Water supply and distribution	2,998,142	2,856,077	2,548,180
Wastewater treatment and disposal	2,119,222	2,089,725	1,885,872
Waste management	1,886,273	1,636,492	1,821,647
Community support, public transit and cemetery	2,009,460	1,988,443	1,768,773
Planning and development	2,245,743	1,552,032	1,460,261
Recreation, parks and culture	10,059,332	9,396,752	8,956,256
	<u>39,712,572</u>	<u>36,408,264</u>	<u>34,725,698</u>
ANNUAL SURPLUS / (DEFICIT) - BEFORE OTHER	(2,171,806)	(535,680)	(1,984,080)
OTHER			
Gain (Loss) on disposal of tangible capital assets	-	(18,118)	(51,223)
Government transfers for capital (schedule 3)	3,836,242	3,629,070	3,653,349
	<u>3,836,242</u>	<u>3,610,952</u>	<u>3,602,126</u>
ANNUAL SURPLUS (DEFICIT)	1,664,436	3,075,272	1,618,046
ACCUMULATED SURPLUS, BEGINNING OF YEAR	176,774,884	176,774,884	175,156,838
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 178,439,320</u>	<u>\$ 179,850,156</u>	<u>\$ 176,774,884</u>

TOWN OF WHITECOURT
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget (note 16)	2023	2022
ANNUAL SURPLUS (DEFICIT)	\$ 1,664,436	\$ 3,075,272	\$ 1,618,046
Purchase of tangible capital assets	(7,164,588)	(5,463,092)	(4,480,106)
Proceeds on disposal of tangible capital assets	-	-	49,651
Amortization of tangible capital assets	6,277,484	6,537,565	6,302,552
(Gain) loss on disposal of tangible capital assets	-	18,118	51,223
	<u>(887,104)</u>	<u>513,739</u>	<u>1,923,320</u>
Decrease (increase) in inventory for consumption	-	(139,570)	(9,019)
Decrease (increase) in prepaid expenses	-	130,530	72,368
	<u>-</u>	<u>(9,040)</u>	<u>63,349</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	777,333	3,579,971	3,604,715
NET FINANCIAL ASSETS, BEGINNING OF YEAR	26,721,646	26,775,875	23,171,160
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 27,498,979</u>	<u>\$ 30,355,846</u>	<u>\$ 26,775,875</u>

TOWN OF WHITECOURT
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING		
ANNUAL SURPLUS (DEFICIT)	\$ 3,075,272	\$ 1,618,046
Non-cash items included in annual surplus:		
Amortization of tangible capital assets	6,537,565	6,302,552
Loss on disposal of tangible capital assets	18,118	51,223
Changes in non-cash working capital balances related to operations:		
Decrease (increase) in trade and other receivables	1,449,408	3,871,990
Decrease (increase) in local improvement receivable	77,689	75,228
Decrease (increase) in loans receivable	140,676	71,405
Decrease (increase) in inventory for resale	(15,146)	1,611
Decrease (increase) in inventory for consumption	(139,570)	(9,019)
Decrease (increase) in prepaid expenses	130,530	72,368
Increase (decrease) in accounts payable and accrued liabilities	1,103,771	606,611
Increase (decrease) in deposit liabilities	8,184	(39,506)
Increase (decrease) in employee benefit obligations	62,412	63,923
Increase (decrease) in asset retirement obligation	(58,528)	62,613
Increase (decrease) in deferred revenue	(951,502)	(225,824)
Cash provided by operating transactions	<u>10,860,028</u>	<u>12,523,221</u>
 CAPITAL		
Purchase of tangible capital assets	(5,463,092)	(4,480,106)
Proceeds on disposal of tangible capital assets	-	49,651
Cash applied to capital transactions	<u>(5,463,092)</u>	<u>(4,430,455)</u>
 FINANCING		
Long-term debt repaid	(786,977)	(1,079,522)
Cash applied to financing transactions	<u>(786,977)</u>	<u>(1,079,522)</u>
 CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	4,609,959	7,013,244
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	47,627,459	40,614,215
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 52,237,418</u>	<u>\$ 47,627,459</u>

TOWN OF WHITECOURT
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Schedule 1)

	Land	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2023	2022
COST:							
BALANCE, BEGINNING OF YEAR	\$ 27,322,282	\$ 63,748,092	\$ 174,138,906	\$ 8,198,374	\$ 11,901,967	285,309,621	\$ 282,552,612
Purchase of tangible capital assets	5,883	723,751	3,771,184	410,550	551,724	5,463,092	4,480,106
Asset retirement obligation adoption	-	-	578,852	-	-	578,852	
Disposal of tangible capital assets	-	-	(16,289)	(73,364)	-	(89,653)	(1,723,097)
BALANCE, END OF YEAR	27,328,165	64,471,843	178,472,653	8,535,560	12,453,691	291,261,912	285,309,621
ACCUMULATED AMORTIZATION:							
BALANCE, BEGINNING OF YEAR	-	20,739,138	103,936,167	5,249,117	6,411,237	136,335,659	131,655,330
Annual amortization		1,252,584	4,168,155	362,566	754,260	6,537,565	6,302,552
Accum amortization on disposals	-	-	(16,289)	(55,246)	-	(71,535)	(1,622,223)
BALANCE, END OF YEAR	-	21,991,722	108,088,032	5,556,437	7,165,497	142,801,689	136,335,659
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 27,328,165	\$ 42,480,121	\$ 70,384,620	\$ 2,979,123	\$ 5,288,195	\$ 148,460,223	\$ 148,973,962

Cost includes construction in progress of \$6,561,471 (2022 - \$2,922,538). These amounts are not amortized until the asset is completed and in use.
Asset retirement obligation in the amount of \$578,852 was added in 2023 (2022 - \$0).

TOWN OF WHITECOURT
SCHEDULE OF PROPERTY AND OTHER TAXES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Schedule 2)

	Budget (note 16)	2023	2022
TAXATION			
Real property taxes	\$ 17,718,280	\$ 17,684,529	\$ 17,261,205
Designated industrial property taxes	3,583,429	3,567,675	3,135,518
Government grants in place of property taxes	147,038	147,038	134,927
	<u>21,448,747</u>	<u>21,399,242</u>	<u>20,531,650</u>
REQUISITIONS			
Alberta School Foundation	4,604,277	4,563,386	4,759,293
Living Waters Catholic Regional Division No. 42	458,541	453,603	411,499
Seniors Foundation	399,284	399,377	406,774
Designated Industrial Property	21,011	21,046	19,316
	<u>5,483,113</u>	<u>5,437,412</u>	<u>5,596,882</u>
NET MUNICIPAL PROPERTY TAXES	<u><u>\$ 15,965,634</u></u>	<u><u>\$ 15,961,830</u></u>	<u><u>\$ 14,934,768</u></u>

SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Schedule 3)

	Budget (note 16)	2023	2022
TRANSFERS FOR OPERATING			
Federal Government	\$ 1,442,441	\$ 716,987	\$ 721,443
Provincial Government	2,257,220	1,556,268	1,400,010
Other Local Governments	2,109,134	1,733,007	1,816,391
	<u>5,808,795</u>	<u>4,006,262</u>	<u>3,937,844</u>
TRANSFERS FOR CAPITAL			
Federal Government	1,426,228	1,372,485	1,243,988
Provincial Government	1,774,998	1,789,496	2,140,200
Other Local Governments	635,016	467,090	269,161
	<u>3,836,242</u>	<u>3,629,070</u>	<u>3,653,349</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>\$ 9,645,037</u></u>	<u><u>\$ 7,635,333</u></u>	<u><u>\$ 7,591,193</u></u>

TOWN OF WHITECOURT
SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Schedule 4)

Expenditures	Budget (note 16)	2023	2022
Salaries, wages and benefits	\$ 15,455,489	\$15,343,749	\$ 14,045,956
Contracted and general services	11,250,123	8,112,431	8,180,313
Materials, goods, supplies and utilities	5,508,717	5,330,757	4,963,826
Transfers to local boards and agencies	764,100	598,527	708,394
Bank charges and short term interest	83,400	86,101	87,711
Interest on long term debt	299,509	318,583	350,942
Other	73,750	80,552	86,004
Amortization of tangible capital assets	6,277,484	6,537,565	6,302,552
	<u>\$ 39,712,572</u>	<u>\$36,408,264</u>	<u>\$ 34,725,698</u>

TOWN OF WHITECOURT
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Schedule 5)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning & Development	Recreation & Culture	Total
REVENUES								
Net municipal taxes	\$ 15,961,830	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,961,830
Sales, user charges and fines	102,224	1,558,189	176,618	6,209,409	42,206	762,786	1,728,311	10,579,742
Government transfers	46,572	851,325	931,359	29,702	1,044,280	-	1,103,025	4,006,262
Penalties and costs on taxes	293,555	-	-	17,970	-	-	-	311,526
Franchise and concession contracts	1,620,743	-	-	-	-	-	-	1,620,743
Development levies	-	-	24,400	23,443	-	-	-	47,844
Investments income	1,727,827	-	74,749	158,512	-	-	4,734	1,965,822
Rentals	-	55,709	-	-	-	37,679	524,700	618,088
Other revenues	87,082	140,439	7,343	-	281,293	-	244,571	760,727
	<u>19,839,834</u>	<u>2,605,661</u>	<u>1,214,468</u>	<u>6,439,036</u>	<u>1,367,780</u>	<u>800,464</u>	<u>3,605,341</u>	<u>35,872,584</u>
EXPENDITURES								
Salaries, wages and benefits	2,485,627	1,857,370	2,265,009	1,954,700	1,403,251	953,949	4,423,843	15,343,749
Contracted and general services	770,310	3,231,152	1,326,350	1,133,632	277,964	249,322	1,123,700	8,112,431
Materials, goods, supplies and utilities	245,800	472,516	735,236	1,710,304	257,774	52,972	1,856,154	5,330,757
Transfers to local boards and agencies	-	21,967	43,457	-	3,028	76,350	453,725	598,527
Bank charges and short term interest	60,212	1,041	-	6,001	-	-	18,847	86,101
Interest on long term debt	-	-	64,235	20,904	-	198,578	34,866	318,583
Other	69,285	-	-	9,519	-	-	1,748	80,552
	<u>3,631,234</u>	<u>5,584,047</u>	<u>4,434,287</u>	<u>4,835,059</u>	<u>1,942,018</u>	<u>1,531,172</u>	<u>7,912,882</u>	<u>29,870,699</u>
NET REVENUE (DEFICIT), BEFORE AMORTIZATION	16,208,600	(2,978,386)	(3,219,819)	1,604,739	(574,238)	(730,707)	(4,307,542)	6,001,885
Amortization of tangible capital assets	51,814	349,371	2,837,991	1,747,234	46,425	20,860	1,483,870	6,537,565
NET REVENUE (DEFICIT)	<u>\$ 16,156,786</u>	<u>\$ (3,327,757)</u>	<u>\$ (6,057,809)</u>	<u>\$ (142,495)</u>	<u>\$ (620,663)</u>	<u>\$ (751,568)</u>	<u>\$ (5,791,411)</u>	<u>\$ (535,680)</u>

TOWN OF WHITECOURT
SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Schedule 6)

	Unrestricted Surplus (Deficit)	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022
BALANCE, BEGINNING OF YEAR	\$ -	\$ 35,545,926	\$ 141,228,958	\$ 176,774,884	\$ 175,156,838
Annual Surplus (Deficit)	3,075,272	-	-	3,075,272	1,618,046
Unrestricted funds designated for future use	(8,665,116)	8,665,116	-	-	-
Restricted funds used for tangible capital assets		(4,965,049)	4,965,049	-	-
Current year funds used for tangible capital assets	(498,043)	-	498,043	-	-
Current year funds used for asset retirement obligation			-		
Asset retirement obligation adoption	(578,852)	-	578,852	-	-
Net book value of tangible capital assets disposed of	18,118	-	(18,118)	-	-
Annual amortization expense	6,537,565	-	(6,537,565)	-	-
Long term debt related to tangible capital assets issued	597,956		(597,956)		
Long term debt repaid - recoverable	24,185	-	(24,185)	-	-
Long term debt repaid - capital	(511,085)	-	511,085	-	-
Change in accumulated surplus	0	3,700,067	(624,795)	3,075,272	1,618,046
BALANCE, END OF YEAR	\$ -	\$ 39,245,993	\$ 140,604,163	\$ 179,850,156	\$ 176,774,884

TOWN OF WHITECOURT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 21.

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.

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.

TOWN OF WHITECOURT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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
Loans receivable and debt charges recoverable	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term debt	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.

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.

TOWN OF WHITECOURT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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.

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.

TOWN OF WHITECOURT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

q. Asset Retirement Obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Town reviews the carrying amount of the liability. The Town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

r. 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:

	<u>YEARS</u>
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, 2023

2. CASH AND CASH EQUIVALENTS

	2023	2022
Cash	\$ 21,449,606	\$ 21,823,834
Temporary investments	30,787,812	25,803,625
	\$ 52,237,418	\$ 47,627,459

Cash and temporary investments have an average effective interest rate of 5.47% (2022 - 2.73%).
Temporary investments include guaranteed investment certificates earning interest at rates ranging from 5.54% to 6.04% maturing May 5, 2025, November 6, 2025 and November 6, 2026

3. TRADE & OTHER RECEIVABLES

	2023	2022
<u>Property Taxes</u>		
Current Taxes	\$ 606,162	\$ 424,765
Arrears	309,084	277,609
Allowance for doubtful accounts	-	-
	\$ 915,246	\$ 702,374
<u>Other</u>		
Trade receivables	\$ 2,197,939	\$ 990,380
Government grants	3,462,685	6,238,492
Utilities	832,063	919,500
Goods and Services Tax	228,794	235,390
	\$ 6,721,482	\$ 8,383,762
	\$ 7,636,728	\$ 9,086,136

4. LOCAL IMPROVEMENTS

	2023	2022
Local improvements Bylaw 1465 with maturity date of 2041 earning interest at a rate of 3.245%	\$ 1,925,214	\$ 2,002,903

TOWN OF WHITECOURT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

5. LOANS RECEIVABLE

	2023	2022
Whitecourt Golf & Country Club Loan	\$ 1,015,305	\$ 1,133,256
SG Saints NFP Society	153,846	215,385
Friends of Whitecourt Society - Physician Loans	58,398	35,482
Tennille's Hope Kommunity Kitchen	26,867	10,969
Pumpjack Players	4,668	4,668
	\$ 1,259,084	\$ 1,399,760

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 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 JDA Place. 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.

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.

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 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.

TOWN OF WHITECOURT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

6. EMPLOYEE BENEFIT OBLIGATIONS

	2023	2022
Vacation and overtime	\$ 873,290	\$ 838,389
Sick leave benefits	756,101	728,590
	\$ 1,629,392	\$ 1,566,979

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.

	2023	2022 (restated)
Government grants	\$ 15,107,242	\$ 15,998,532
Other	622,399	682,479
Requisition over/(under) levy	(5)	126
	\$ 15,729,635	\$ 16,681,137

TOWN OF WHITECOURT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

7. DEFERRED REVENUE (CONTINUED)

Deferred Government grants comprise funding from the following sources:

	2022 (restated)	Additions	Revenue recognized	2023
Municipal Sustainability Initiative (MSI) Operating & Capital Grant	\$ 14,329,516	\$ 1,158,928	\$ 2,066,123	\$ 13,422,321
Canada Community Building Fund	772,127	679,622	661,742	790,007
Emergency Preparedness Grant	-	25,000	-	25,000
Relief for Shortfalls for Transit Operations (RESTOR) Grant	20,000	-	20,000	-
Alberta Labour Market	11,600	-	11,600	-
Alberta Community Partnership (ACP) Landfill Commission Study Grant	37,500	-	-	37,500
Fire Hazard - Forest Resource Improvement Association of Alberta (FRIAA)	5,778	-	1,841	3,937
Supporting Psychological Health in First Responders (SPHIFR) Grant	-	17,000	14,600	2,400
Mountain Pine Beetle Grant	5,154	16,633	21,787	-
Western Economic Development Grant	3,045	-	3,045	-
Family Community Support Services (FCSS)	813,812	16,950	4,685	826,077
	<u>\$ 15,998,532</u>	<u>\$ 1,914,132</u>	<u>\$ 2,805,422</u>	<u>\$ 15,107,242</u>

TOWN OF WHITECOURT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

8. ASSET RETIREMENT OBLIGATION

Landfill

The town operates a landfill site and is legally required to perform closure and post-closure activities upon retirement of this site. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection.

A liability for the total obligation, which was incurred when the site started accepting waste, irrespective of volume of waste accepted has been accrued. The town estimates that no obligation is incurred incrementally due to the volume of waste accepted, therefore, no further obligation is being accrued based on volume of waste accepted.

Undiscounted future cash flows expected are a closure cost of cell one in year 2024 of \$986,585 with annual post-closure activities starting in year 2024 of \$18,893 per year, increasing at an annual inflation rate of 2%, for 25 years to year 2049. The estimated total net liability of \$597,956 is based on the sum of discounted future cash flows for closure and post-closure activities using a discount rate of 3% and assuming annual inflation of 2% less any obligations settled.

Total asset retirement obligations

	2023
BALANCE, BEGINNING OF YEAR	-
Asset retirement obligation closure liability - present value at end of 2023	977,007
Asset retirement obligation post closure liability - present value at end of 2023	89,403
Total asset retirement obligation - present value at end of 2023	1,066,409
Less: liabilities settled during year	(193,862)
BALANCE, END OF YEAR	872,547
TOWN PORTION OF TOTAL LIABILITY (68.53%)	597,957

TOWN OF WHITECOURT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

9. LONG TERM DEBT

	2023	2022
Supported by general tax levies	\$ 7,417,268	\$ 8,049,707
Supported by utility rates	1,189,298	1,266,148
Supported by special levies - operating	1,925,214	2,002,903
	10,531,780	11,318,758

The current portion of the long-term debt amounts to \$810,071 (2022 - \$786,978). Operating Debt is \$2,973,561 (2022 - \$3,249,453). Capital Debt is \$7,558,219 (2022 - \$8,069,305). (note 11)

Principal and interest repayments are due as follows:	Principal	Interest	Total
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
2028	794,308	211,399	1,005,707
Thereafter	6,520,156	904,295	7,424,451
	\$ 10,531,780	\$ 2,199,411	\$ 12,731,191

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 2024 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 \$330,012 (2022 - \$363,364). Interest on long-term debt expense amounted to \$318,582 (2022 - \$350,940).

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:

	2023	2022
Total debt limit	\$ 53,808,876	\$ 49,112,427
Total debt	10,531,780	11,318,758
Amount of debt limit unused	\$ 43,277,096	\$ 37,793,669
Debt servicing limit	\$ 8,968,146	\$ 8,185,405
Debt servicing	1,116,990	1,116,990
Amount of debt servicing limit unused	\$ 7,851,156	\$ 7,068,415

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, 2023

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2023	2022
Tangible capital assets (schedule 1)	\$ 291,261,912	\$ 285,309,621
Accumulated amortization (schedule 1)	(142,801,689)	(136,335,659)
Asset retirement obligation (note 8)	(597,957)	-
Long term debt - capital (note 9)	(7,558,219)	(8,069,305)
Debt charges recoverable	300,116	324,301
	\$ 140,604,163	\$ 141,228,958

12. ACCUMULATED SURPLUS

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

	2023	2022
Restricted surplus		
Tax rate stabilization	\$ 10,898,609	\$ 8,558,162
Land fund and reclamation of gravel pit	527,808	628,791
Utility offsite levy and infrastructure	11,971,202	10,739,487
Equipment replacement	5,026,394	4,592,607
Committed expenditures	2,431,216	2,756,450
Major recreational land and facility	8,296,525	8,180,924
Municipal in Lieu	94,239	89,505
	\$ 39,245,993	\$ 35,545,926
Equity in tangible capital assets (note 11)	140,604,163	141,228,958
Accumulated surplus	\$ 179,850,156	\$ 176,774,884

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)	2023	2022
Fortis Alberta	\$ 780,600	\$ 715,144	\$ 664,470
ATCO Gas Ltd.	1,013,813	905,600	955,140
	\$ 1,794,413	\$ 1,620,743	\$ 1,619,610

TOWN OF WHITECOURT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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:

	2023			2022
	Salary ¹	Benefits & Allowances ²	Total	Total
Councillors:				
Baker	\$ 42,776	\$ 7,446	\$ 50,222	\$ 61,025
Chauvet	38,936	7,260	46,196	53,608
Lanctot	48,902	6,602	55,504	49,946
Lapointe	49,866	7,894	57,761	56,099
McAree	36,371	4,078	40,449	40,038
Schlosser	38,306	2,719	41,024	42,753
Pickard	86,641	6,493	93,134	88,552
 Chief Administrative Officer	 \$ 280,706	 \$ 41,952	 \$ 322,658	 \$ 303,320

(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, provision for asset retirement obligation 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, 2023

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 11, 2023. The chart below reconciles the approved financial plan to the figures reported in these consolidated financial statements.

	2023
Annual surplus (per consolidated statement of operations)	\$ 1,664,436
Amortization of tangible capital assets	6,277,484
Acquisition of tangible capital assets	(7,164,588)
Debenture repayment	(710,128)
Total transfers from restricted surplus (per below)	(67,205)
	-
	-
Acquisition of tangible capital assets funded from restricted surplus	316,620
Net other transfers from restricted surplus	(383,825)
Total transfers from restricted surplus	\$ (67,205)

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

The Town is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.23% on pensionable salary above this amount.

Total current and past service contributions by the Town to the LAPP in 2023 were \$851,219 (2022 - \$771,872). Total current and past service contributions by the employees of the Town to the LAPP in 2022 were \$758,979 (2022 - \$701,273).

At December 31, 2022 the Plan disclosed an actuarial surplus of \$12.6 billion (2021 - \$11.9 billion).

TOWN OF WHITECOURT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 2.96% of employment income. Employees are required to make current service contributions of 2.42% of employment income.

The current service contributions by the Town of Whitecourt to APEX in 2023 were \$28,773 (2022 - \$31,181). Total current service contributions by the employees of the Town of Whitecourt to APEX for 2023 were \$23,524 (2022 - \$21,139).

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 2023 is \$514,625 (2022 - \$315,393) held by the Town on the behalf of the beneficiary. The actuarial valuation of the plan for service accrued to December 31, 2023 is estimated to be \$476,712 (2022 - \$440,291).

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, 2023, 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, 2023

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 2023 operations (2022 - 68.53%).

	2023	2022
REVENUE		
Solid waste charges and salvage fees	2,206,591	\$ 1,315,791
Requisitions	1,398,646	1,368,966
Gain on disposal of tangible capital assets	-	-
	3,605,237	2,684,757
EXPENDITURES		
Landfill operations	\$ 1,794,993	\$ 935,294
General administration	355,915	153,366
Transfer station operations	291,909	247,493
Provision for landfill closure and post-closure	55,634	91,364
Interest on long-term debt	30,503	32,349
Amortization	989,300	582,065
	3,518,254	2,041,931
ANNUAL SURPLUS (DEFICIT)	\$ 86,983	\$ 642,826
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 100	\$ 100
Cash and cash equivalents held in trust	2,075,183	2,417,235
Due from Town of Whitecourt	2,417,839	2,704,899
Receivables	329,563	411,528
	4,822,685	5,533,762
LIABILITIES		
Accounts Payable	\$ 6,809	\$ 25,802
Deferred Revenue	37,500	37,500
Long-term debt	1,189,298	1,266,148
Landfill closure and post-closure	-	957,953
Asset retirement obligation (note 8)	872,547	-
	2,106,154	2,287,403
NET FINANCIAL ASSETS	\$ 2,716,531	\$ 3,246,359

TOWN OF WHITECOURT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

21. GOVERNMENT PARTNERSHIPS (CONTINUED)

	2023	2022
NON-FINANCIAL ASSETS		
Tangible Capital Assets	\$ 3,558,341	\$ 2,941,529
ACCUMULATED SURPLUS	\$ 6,274,871	\$ 6,187,888
ACCUMULATED SURPLUS, BEGINNING OF YEAR	\$ 6,187,888	\$ 5,545,062
Add: Annual Surplus	86,983	\$ 642,826
ACCUMULATED SURPLUS, END OF YEAR	\$ 6,274,871	\$ 6,187,888

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:

2024	\$ 137,550
2025	117,100
2026	95,600
Thereafter	86,000
	\$ 436,250

The Town of Whitecourt, as of December 31, 2023, has contractual obligations of \$3,637,412 over the next

	2023
Administration	\$ 25,281
Infrastructure	3,612,131
	\$ 3,637,412

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.