

Consolidated Financial Statements

**MUNICIPAL DISTRICT OF  
WILLOW CREEK NO. 26**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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## INDEPENDENT AUDITOR'S REPORT

To the Reeve and Members of Council of the Municipal District of Willow Creek No. 26

### **Opinion**

We have audited the consolidated financial statements of the Municipal District of Willow Creek No. 26 (the Municipality), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2022, and its consolidated results of operations 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Municipality 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 these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Responsibilities of Management 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 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

### ***Auditor's 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 auditor's 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 the 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 Municipality'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 Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality 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
- 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.

*KPMG LLP*

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Chartered Professional Accountants

Lethbridge, Canada

March 29, 2023

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

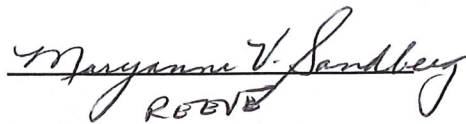
## Consolidated Statement of Financial Position


December 31, 2022, with comparative information for 2021

	2022	2021
<b>Financial Assets:</b>		
Cash and short-term investments (note 3)	\$ 13,084,799	\$ 10,913,795
Taxes and grants in place of taxes (note 4)	1,896,067	125,139
Trade and other accounts receivable (note 5)	728,085	2,749,781
Land held for resale inventory	44,176	44,164
	<u>15,753,127</u>	<u>13,832,879</u>
<b>Financial Liabilities:</b>		
Accounts payable and accrued liabilities	1,079,111	1,214,714
Deferred revenue (note 6)	3,719,968	2,592,427
Employee future benefits (note 7)	64,245	71,352
Long-term debt (note 8)	458,831	586,636
	<u>5,322,155</u>	<u>4,465,129</u>
Net financial assets	10,430,972	9,367,750
<b>Non-Financial Assets:</b>		
Prepaid expenses	324,573	242,797
Inventory for consumption	1,401,789	1,899,817
Tangible capital assets (Schedule 6)	86,461,361	88,609,852
	<u>88,187,723</u>	<u>90,752,466</u>
<b>Commitments</b>		
<b>Contingent liabilities (note 15)</b>		
Accumulated surplus (note 9 and Schedule 3)	\$ 98,618,695	\$100,120,216

See accompanying notes to consolidated financial statements.

On behalf of the Council:

  
MARGARETA V. SANDBERG  
REEVE

  
GLEN BLUM  
DEPUTY

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

## Consolidated Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	Budget	2022	2021
<b>Revenue:</b>			
Net municipal property taxes (Schedule 4)	\$ 10,863,800	\$ 10,757,334	\$ 9,496,554
User fees and sales of goods	548,600	725,190	929,653
Government transfers for operating (Schedule 1)	1,857,285	1,417,173	2,294,189
Return on Investments	105,000	189,599	100,472
Penalties and costs on taxes	80,000	81,132	67,170
Licenses and permits	9,500	9,408	9,698
Other revenues	1,804,150	2,262,426	1,166,179
Rentals	88,350	88,361	84,321
Franchise fees	29,000	34,559	29,557
Fines	30,000	16,783	24,483
<b>Total revenue</b>	<b>15,415,685</b>	<b>15,581,965</b>	<b>14,202,276</b>
<b>Expenses (Schedule 5):</b>			
Elected officials	407,700	389,910	360,996
General administration	2,392,450	1,655,785	2,100,166
Information technology	912,050	489,430	438,934
Fire	630,350	636,755	705,861
Disaster and emergency services	40,750	41,429	214,526
Claresholm medical clinic	70,400	4,583	10,411
Emergency services and bylaw enforcement	871,650	915,802	618,426
Transportation	7,113,310	6,685,448	6,762,526
Water development	528,050	564,512	461,987
Garbage collection and disposal	220,400	220,799	240,148
Cemeteries	30,000	24,599	24,614
Development and planning	604,400	596,126	522,773
Agricultural services board	657,390	618,398	541,269
Recreation boards	281,600	291,300	280,037
Parks and recreation	28,400	27,422	114,531
Libraries	136,376	127,111	126,500
Family and community support	213,800	207,360	213,741
Amortization of capital assets	230,000	7,239,305	7,188,024
<b>Total expenses</b>	<b>15,369,076</b>	<b>20,736,074</b>	<b>20,925,470</b>
<b>Excess (deficiency) of revenue over expenses from operations</b>	<b>46,609</b>	<b>(5,154,109)</b>	<b>(6,723,194)</b>
<b>Other:</b>			
Contributed tangible capital assets	-	4,300	60,993
Government transfer for capital (Schedule 1)	-	3,333,174	4,187,482
Gain on sale of tangible capital assets	-	315,114	220,651
	-	3,652,588	4,469,126
<b>Excess (deficiency) of revenues over expenses (Schedule 2)</b>	<b>46,609</b>	<b>(1,501,521)</b>	<b>(2,254,068)</b>
Accumulated surplus, beginning of year	100,120,216	100,120,216	102,374,284
<b>Accumulated surplus, end of year</b>	<b>\$100,166,825</b>	<b>\$ 98,618,695</b>	<b>\$100,120,216</b>

See accompanying notes to consolidated financial statements.

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

## Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget	2022	2021
Excess (deficiency) of revenue over expenses	\$ 46,609	\$ (1,501,521)	\$ (2,254,068)
Acquisition of tangible capital assets	(9,992,000)	(5,257,558)	(5,524,287)
Contributed assets	-	(4,300)	(60,993)
Amortization of tangible capital assets	-	7,239,305	7,188,024
Gain on sale on tangible capital assets	-	(315,114)	(220,651)
Proceeds on disposal of tangible capital assets	-	486,158	435,924
Net change in prepaid expense	-	(81,776)	(21,384)
Net change in inventory for consumption	-	498,028	(1,126,174)
Net financial assets - Granum	-	-	-
Change in net financial assets	(9,945,391)	1,063,222	(1,583,609)
Net financial assets, beginning of year	9,367,750	9,367,750	10,951,359
Net financial assets, end of year	\$ (577,641)	\$ 10,430,972	\$ 9,367,750

See accompanying notes to consolidated financial statements.

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

## Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
<b>Operating activities:</b>		
Deficiency of revenues over expenses	\$ (1,501,521)	\$ (2,254,068)
Non-cash items included in excess (deficiency) of revenue over expenses:		
Amortization of tangible capital assets	7,239,305	7,188,024
Contributed tangible capital assets	(4,300)	(60,993)
Gain on sale of tangible capital assets	(315,114)	(220,651)
	5,418,370	4,652,312
Changes in non-cash assets and liabilities:		
Taxes and grants in place of taxes	(1,770,927)	480,344
Trade and other receivables	2,021,696	(1,756,116)
Land held for resale inventory	(12)	30,003
Prepaid expenses	(81,777)	(21,384)
Accounts payable and accrued liabilities	(135,603)	43,216
Deferred revenue	1,127,541	(144,421)
Inventory for consumption	498,026	(1,126,174)
Employee future benefits	(7,106)	(52,193)
	7,070,208	2,105,587
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(5,257,558)	(5,524,287)
Proceeds on disposal of tangible capital assets	486,158	435,924
	(4,771,400)	(5,088,363)
<b>Financing activities:</b>		
Payments on long-term debt	(127,804)	(63,364)
Proceeds from long-term debt	-	650,000
	(127,804)	586,636
Increase (decrease) in cash and short-term investments	2,171,004	(2,396,140)
Cash and short-term investments, beginning of year	10,913,795	13,309,935
Cash and short-term investments, end of year	\$ 13,084,799	\$ 10,913,795

See accompanying notes to consolidated financial statements.



# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements

Year ended December 31, 2022

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## 1. Significant accounting policies:

The consolidated financial statements of the Municipal District of Willow Creek No. 26 (the "Municipal District") are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies adopted by the Municipal District are as follows:

### (a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in accumulated surplus and change 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 municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. Included with the Municipal District are the following: Clear Lake Park Campground, Pine Coulee Campground, Willow Creek Campground, Hamlet of Granum.

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

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 expenses are incurred, services performed or the tangible capital assets are acquired.

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (c) Cash and temporary investments:

Cash and temporary investments includes cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months from the date of acquisition.

### (d) Investments:

Investments are recorded at amortized cost. Investment premiums and discounts are amortized 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.

### (e) Government transfers:

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

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

### (f) Inventories for resale:

Land inventory held for resale is recorded as the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under their respective function.

### (g) Contaminated sites liability:

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

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (h) 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.

### (i) 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.

#### i. Tangible capital assets:

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

Assets	Years
Buildings	25 - 50
Land improvements	15 - 25
Engineered structures	15 - 75
Machinery and equipment	5 - 40
Vehicles	7

Assets under construction are not amortized until the asset is available for productive use.

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (i) Non-financial assets (continued):

#### ii. Contribution of tangible capital assets:

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

#### iii. Inventories:

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

#### iv. Asset impairment:

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Municipal District's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital asset are less than their book value. The net write-downs are accounted for as an expense.

### (j) Use of estimates:

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Significant areas subject to such estimates and assumptions include the estimated useful life of tangible capital assets, taxes and grants in place of taxes, and land held for resale. Actual results could differ from those estimates.

## 2. Recent accounting pronouncements:

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board (PSAB). In 2023, the Municipal District will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 2. Recent accounting pronouncements (continued):

### (a) PS 1201 - Financial Statement Presentation:

The implementation of this standard requires a new statement of re-measurement gains and losses separate from the statement of operations. This new statement will include the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currency. This standard is effective for fiscal years beginning on or after April 1, 2022.

### (b) PS 3450 - Financial Instruments:

This section establishes recognition, measurement, and disclosure requirements for derivative and non-derivative instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the government. Unrealized gains and losses will be presented on the new statement of re-measurement gains and losses arising from the adoption of PS 1201. There will also be a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. As the Municipal District does not invest in derivatives or equity instruments based on its investment policy, it is anticipated that the adoption of this standard will have a minimal impact on the Municipal District. This standard is effective for fiscal years beginning on or after April 1, 2022.

### (c) PS 2601 - Foreign Currency Translation:

This section establishes guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The section requires monetary assets and liabilities, denominated in a foreign currency and non-monetary items valued at fair value, denominated in a foreign currency to be adjusted to reflect the exchange rates in effect at the financial statement date. The resulting unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard is effective for fiscal years beginning on or after April 1, 2022.

### (d) PS 3041 - Portfolio Investments:

This section removes the distinction between temporary and portfolio investments and provides additional guidance on recognition, measurement, presentation and disclosure of these types of investments. Upon adoption of this section and PS 3450, PS 3040 - Portfolio Investments will no longer be applicable. This standard is effective for fiscal years beginning on or after April 1, 2022.

The requirements in PS 1201, PS 3450, PS 2601 and PS 3041 are required to be implemented at the same time.

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 2. Recent accounting pronouncements (continued):

(e) PS 3280 - Asset Retirement Obligations:

This section provides guidance on how to account for and report a liability for retirement of a tangible capital asset. This standard is effective for fiscal years beginning on or after April 1, 2022.

(f) PS 3400 - Revenue:

This section provides guidance on how to account for and report on revenue, specifically addressing revenue arising from exchange transactions and unilateral transactions. This standard is effective for fiscal years beginning on or after April 1, 2023.

(g) PS 3160 - Public Private Partnerships:

The Canadian Public Sector Accounting Board issued a new standard, PS 3160, Public Private Partnerships in April 2021. This section establishes standards for the recognition, measurement, presentation, and disclosure of infrastructure procured through certain types of public private partnership arrangements.

This section is effective for fiscal years beginning on or after April 1, 2023 and may be applied retroactively with or without prior period restatement. Early adoption is permitted.

(h) PSG 8 - Purchased Intangibles:

The Canadian Public Sector Accounting Board issued a new guideline, PSG 8 - Purchased Intangibles. This new guideline explains the scope of the intangibles now allowed to be recognized in financial statements given the removal of the recognition prohibition relating to purchased intangibles in Section PS 1000. The key aspects of this guideline are:

- A definition of purchased tangibles.
- Examples of items that are not purchased intangibles.
- References to other guidance in the PSA Handbook on intangibles.
- Reference to the asset definition general recognition criteria and the GAAP hierarchy for accounting for purchased intangibles.

This guideline applies to fiscal years beginning on or after April 1, 2023. Early adoption is permitted.

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

### 3. Cash and short-term investments:

	2022	2021
Cash	\$ 13,084,799	\$ 10,913,795

Cash includes Municipal District of Willow Creek No. 26 amounts of \$12,303,583 (2021 - \$9,734,423) and Hamlet of Granum amounts of \$781,216 (2021 - \$1,179,372).

Temporary investments are short-term deposits with maturities of twelve months or less. The Municipal District did not have any temporary investments in 2022 or 2021.

Included in cash and temporary investments is a restricted amount of \$3,719,968 (2021 - \$2,592,427) received from senior levels of government and held exclusively for capital projects (Note 6).

### 4. Taxes and grants in place of taxes:

	2022	2021
Taxes and grants in place of taxes:		
Current taxes and grants in place of taxes	\$ 1,855,364	\$ 128,926
Arrears taxes and grants in place of taxes	51,470	16,783
	1,906,834	145,709
Less: allowance for doubtful accounts	(10,767)	(20,570)
	\$ 1,896,067	\$ 125,139

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 5. Trade and other receivables:

	2022	2021
Trade and other accounts receivable	\$ 774,746	\$ 2,725,623
Goods and services tax receivable	71,702	87,462
	846,448	2,813,085
Less: Allowance for doubtful accounts	(118,363)	(63,304)
	\$ 728,085	\$ 2,749,781



# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 6. Deferred revenue:

	2022	2021
Deferred revenue, beginning of year	\$ 2,592,427	\$ 2,736,848
Funds received in the year:		
Operating	1,163,535	282,584
Capital	4,220,986	4,712,507
	5,384,521	4,995,091
Amounts recognized in revenue during the year:		
Operating	(145,275)	(352,466)
Capital	(4,111,705)	(4,787,046)
	(4,256,980)	(5,139,512)
Deferred revenue, end of year	\$ 3,719,968	\$ 2,592,427
Deferred revenue is comprised of:		
Dead Stock Removal Grant	4,064	4,612
Emergency Management Prep Program Grant	-	20,162
Prepaid property tax	271,776	69,858
Family and Community Support Services Grant	-	42,749
2021/22 Alberta Community Partnership Strategic Initiatives	350,000	-
Community Foundation Grant	25,000	-
Land Sales	506,223	-
Disaster Services	23,595	-
Other	5,536	30,553
Capital:		
Municipal Sustainability Initiative	648,792	291,491
Alberta Community Resilience	1,403,805	1,379,249
Federal Gas Tax	481,177	753,753
	\$ 3,719,968	\$ 2,592,427

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 7. Employee future benefits:

	2022	2021
Vacation pay	\$ 29,004	\$ 38,073
Banked overtime	8,782	7,589
Sick time accrual	26,460	25,690
	\$ 64,245	\$ 71,352

## 8. Debt:

	2022	2021
Tax supported debentures	\$ 458,831	\$ 586,636

The current portion of long-term debt amounts to \$129,253 (2021 - \$127,805). Principal and interest repayments are as follows:

	Principal	Interest	Total
2023	\$ 129,253	\$ 4,821	\$ 134,074
2024	130,718	3,356	134,074
2025	132,199	1,875	134,074
2026	66,661	377	67,038
	\$ 458,831	\$ 10,429	\$ 469,260

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at the rate of 1.13% per annum, before Provincial subsidy, and matures in 2026. Debenture debt is issued on the credit and security of the Municipal District at large.

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 9. Accumulated surplus:

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

	2022	2021
Unrestricted surplus	\$ 227,964	\$ 255,448
Restricted surplus:		
Operating:		
Granum	179,416	179,416
Granum Cemetery	30,000	30,000
Granum Recreation Society	-	2,700
Discretionary grants	3,291	8,066
Granum & District Recreation Board	-	9,168
Physicians recruitment	41,200	41,200
Capital:		
Fire	519,803	244,379
Capital acquisition reserve	3,742,274	5,279,574
Equipment	1,547,861	1,067,861
Moon River water system	85,573	109,503
Claresholm Medical Centre	314,149	248,148
Disaster Services	300,000	300,000
Landfill	16,683	16,683
Protective services	427,154	177,154
Claresholm Industrial Airport	218,190	218,190
Roads	2,347,535	2,047,535
Granum equipment	518,276	518,276
Granum other equipment	108,830	-
Granum land development	44,434	44,434
Granum water system replacement	102,300	72,300
Bridge file	1,103,432	903,432
Gravel pit reclamation	100,000	100,000
Buildings	537,800	-
Environmental Buildings	100,000	-
	12,388,201	11,618,019
Equity in tangible capital assets	86,002,530	88,246,749
	\$ 98,618,695	\$100,120,216

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 9. Accumulated surplus(continued):

	2022	2021
Equity in tangible capital assets:		
Tangible capital assets (Schedule 6)	\$269,396,289	\$265,281,907
Accumulated amortization (Schedule 6)	(182,934,928)	(176,672,055)
Loans related to capital assets	(458,831)	(363,103)
	<u>\$ 86,002,530</u>	<u>\$ 88,246,749</u>

## 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 Municipal District be disclosed as follows:

	2022	2021
Total debt limit	\$ 23,372,948	\$ 21,303,414
Total debt	(458,831)	(586,636)
Amount of debt limit unused	<u>22,914,117</u>	<u>20,716,778</u>
Debt servicing limit	3,895,491	3,550,569
Debt servicing	(134,074)	(134,074)
Amount of debt servicing unused	<u>\$ 3,761,417</u>	<u>\$ 3,416,495</u>

The debt limit is calculated at 1.5 times revenue of the Municipal district (as defined in Alberta Regulation 255/2000) and the debt service 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 Municipal District. Rather, the financial statements must be interpreted as a whole.

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 11. Local Authorities Pension Plan:

The Municipal District participates in a multi-employer defined pension plan. The plan is accounted for as a defined contribution plan.

Employees of the Municipal District 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 serves about 281,764 people and about 435 employers. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Municipal District is required to make current service contributions to the LAPP of 8.45% (9.39% in 2021) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% (13.84% in 2021) on pensionable earnings above this amount. Employees of the Municipal District are required to make current service contributions of 7.45% (8.39% in 2021) of pensionable salary up to the year's maximum pensionable salary and 11.80% (12.84% in 2021) on pensionable salary above this amount.

Total current service contributions by the Municipal District to the LAPP in 2022 were \$348,839 (2021 - \$363,110). Total current service contributions by the employees of the Municipal District to the LAPP in 2022 were \$312,999 (2021 - \$329,347).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 billion (2020 - surplus of \$5.0 billion); the 2022 LAPP actuarial balance was not available at the date of this report.

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 12. Segmented disclosure:

Segmented information has been identified based upon lines of service provided by the Municipal District. Municipal District services are provided by departments and their activities are reported by functional area in the body of the financial statements. The segmented information is presented in Schedule 2. Certain lines of service that have been separately disclosed in the segments information, along with the services they provide, are as follows:

(a) General Government:

The mandate of general government includes all Council governance, administrative and taxation functional activities.

(b) Protective and Bylaw Services:

The mandate of Protective and Bylaw Services is to provide for policing and bylaw services.

(c) Disaster Services:

The mandate of Disaster Services includes municipal emergency planning, disaster response and emergency services dispatching.

(d) Fire and Emergency Services:

The mandate of Fire and Emergency Services is to provide for the rescue and protection of people and property within the Municipality through effective and efficient management and coordination of emergency service systems and resources.

(e) Transportation Services:

Transportation Services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway system, streets, walks and lighting, asset management and infrastructure design and construction.

(f) Planning and Development:

Planning and Development is responsible for the administration of municipal planning documents pertaining to residential, commercial, industrial and agricultural development services within the municipality.

(g) Recreation and Culture:

The Recreation and Culture department is responsible for providing regional recreation, summer games and community event funding.

(h) Agricultural Service Board:

The mandate of the Agricultural Service Board is to undertake the requirements of the Agricultural Service Board Act, Weed Control Act, Soil Conservation Act and to provide guidance on agricultural matters to the municipal council and agricultural related services to the public.

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 12. Segmented disclosure: (continued):

(i) Environmental Services:

Environmental Services is responsible for water supply and distribution services within the municipality including water and waste services, solid waste disposal and recycling services.

(j) Community Services:

Community Services provides funding for programs that support individuals, families, and communities through programs and services which are delivered through Family and Community Support Services, cemetery services and medical facilities.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenditure. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 13. Salary and benefits disclosure:

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

	Salaries (i)	Benefits and Allowances (ii)	Total 2022	Total 2021
Division 1 - Van Driesten	\$ 36,544	\$ 13,086	\$ 49,630	\$ 47,271
Division 2 - Kroetsch	36,544	12,763	49,307	47,346
Division 3 - Sandberg	46,986	8,806	55,792	54,526
Division 4 - Alm	36,544	15,200	51,744	46,639
Division 5 - Markle	-	-	-	34,680
Division 5 - Hemmaway	36,544	9,407	45,951	7,779
Division 6 - Berger	36,544	11,183	47,727	45,584
Division 7 - Sundquist	24,363	6,485	30,848	43,389
Division 7 - Nelson	6,934	1,516	8,450	-
	261,003	78,446	339,449	327,214
Chief Administrative Officer	\$ 233,186	\$ 38,233	\$ 271,419	\$ 274,075

- i) Salary includes regular base pay. For Councilors, salary includes a monthly allowance to attend special events and per diem reimbursement for authorized meetings attended.
- ii) For non-elected officials, employers 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, dismemberment insurance, long and short-term plans as well as travel allowances, and professional memberships and tuition.

Benefits and allowances also include the employer's share of the costs of additional taxable benefits.



# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 14. Financial instruments:

The Municipal District as part of its operations carries a number of financial instruments, such as cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the Municipal District is not exposed to significant interest, or currency risks arising from these financial instruments except as otherwise disclosed.

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

### i. Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Municipal District manages exposure through its normal operating and financing activities.

### ii. Credit concentration:

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

### iii. Liquidity risk:

Liquidity risk is the risk that the Municipal District will not be able to meet its financial obligations as they become due. The Municipal District manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 15. Contingent liabilities:

- i. The Municipal District is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Municipal District could become liable for its proportionate share of any claim losses in excess of the funds held by exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.
- ii. The Municipal District is a member of the Willow Creek Waste Management Services Commission (the "Commission"). The Commission has not determined what the future liability is to close the landfill sites and consequently, the Municipal District could become liable for its proportionate share of any closure and post closure costs in excess of the funds held by the Commission. As of the reporting date, these costs are not determinable.
- iii. The Municipal District operates several gravel pits to supply raw materials used in the ongoing maintenance of roads. The Municipal District is responsible for the costs of reclaiming the gravel pits at the end of the production in accordance with provincial legislation. As of the reporting date, these costs are not determinable.
- iv. In the ordinary course of business, various claims and lawsuits are brought against the Municipal District. It is the opinion of management that settlement of these actions will not result in any material liabilities, and therefore no amounts have been accrued.

## 16. Budget:

The disclosed budget information was approved by the Reeve and Council of the Municipal District of Willow Creek on April 13, 2022.

## 17. Approval of financial statements:

Council and Management approved these financial statements.

## 18. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

## Schedule 1 - Schedule of Government Transfers

Year ended December 31, 2022, with comparative information for 2021

	Budget	2022	2021
Transfers for operating:			
General administration	\$ 693,850	\$ 349,059	\$ 1,103,912
Bylaw & emergency services	35,500	34,594	5,733
Family and community support	171,000	170,993	170,993
Agricultural services board	154,000	159,592	172,787
Roads, streets, walks, lighting	802,935	702,935	840,764
	1,857,285	1,417,173	2,294,189
Transfers for capital:			
Provincial government	-	3,333,174	4,187,482
<b>Total government transfers</b>	<b>\$ 1,857,285</b>	<b>\$ 4,750,347</b>	<b>\$ 6,481,671</b>

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

## Schedule 2 - Schedule of Segmented Disclosures

Year ended December 31, 2022, with comparative information for 2021

	General government	Bylaw & emergency services	Disaster services	Protective services (Fire)	Transportation services	Planning and development	Parks & recreation	Agricultural service board	Environmental services	Other	Total 2022	Total 2021
<b>Revenue:</b>												
Net municipal taxes	\$ 10,757,334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,757,334	\$ 9,496,554
Government transfers	520,052	30,162	-	-	702,955	-	-	159,592	4,432	-	1,417,173	2,294,189
User fees and sales of goods	19,155	-	-	329,148	76,572	177,497	-	121,254	1,564	-	726,190	929,653
Return on investments	189,599	-	-	-	-	-	-	-	-	-	189,599	100,472
Rentals	-	-	-	-	3,851	-	-	6,510	12,000	66,000	88,361	84,321
Penalties and cost of taxes	81,132	-	-	-	-	-	-	-	-	-	81,132	67,170
Franchise fees	34,559	-	-	-	-	-	-	-	-	-	34,559	29,557
Fines	16,783	-	-	-	-	-	-	-	-	-	16,783	24,483
Licenses and permits	-	-	-	-	-	9,408	-	-	-	-	9,408	9,698
Other	1,520,375	139,444	-	116,547	92,343	1,084	2,600	564	384,698	4,771	2,252,426	1,166,179
Gain on disposal of tangible capital assets	315,114	-	-	-	-	-	-	-	-	-	315,114	220,651
Contributed Assets	4,300	-	-	-	-	-	-	-	-	-	4,300	60,993
Government grant capital	-	-	-	-	3,333,174	-	-	-	-	-	3,333,174	4,187,482
	13,458,403	169,606	-	445,695	4,208,875	187,989	2,600	287,920	402,694	70,771	19,234,553	18,671,402
<b>Expenses:</b>												
Salaries, wages and benefits	1,513,065	720,879	-	6,139	3,458,676	359,101	-	384,592	-	-	6,442,452	6,214,870
Contracted and general services	667,840	82,485	28,625	493,497	603,287	234,114	14,089	42,564	272,985	14,694	2,454,190	2,939,798
Materials, goods, and utilities	242,774	112,438	12,804	137,119	2,600,975	2,910	13,334	191,242	445,435	3,644	3,762,675	3,824,439
Transfers to local boards	-	-	-	-	-	-	291,300	-	-	-	291,300	280,037
Other	70,962	-	-	-	-	-	-	-	-	-	70,962	13,881
Interest and bank charges	9,660	-	-	-	-	-	-	-	-	-	9,660	5,569
Transfers to organizations and individuals	238,185	-	-	320,430	22,500	-	-	35,113	66,889	137,956	465,530	458,852
Amortization	140,261	43,440	-	-	6,678,788	-	12,150	-	9,123	-	7,239,305	7,188,024
	2,882,747	959,242	41,429	957,185	13,364,236	596,125	330,873	653,511	794,432	156,294	20,736,074	20,925,470
<b>Excess (deficiency) of revenue over expenses</b>	\$ 10,575,656	\$ (789,636)	\$ (41,429)	\$ (511,490)	\$ (9,155,361)	\$ (408,136)	\$ (328,273)	\$ (365,591)	\$ (391,738)	\$ (85,523)	\$ (1,501,521)	\$ (2,254,068)

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Schedule 3 - Schedule of Changes in Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	Unrestricted	Restricted surplus	Equity in tangible capital assets	2022	2021
Balance, beginning of year	\$ 255,448	\$ 11,618,019	\$ 88,246,749	\$ 100,120,216	\$ 102,374,284
Deficiency of revenues over expenses	(1,501,521)	-	-	(1,501,521)	(2,254,068)
Transferred from restricted surplus	(770,182)	770,182	-	-	-
Current year funds used for tangible capital assets	(5,257,558)	-	5,257,558	-	-
Contributed tangible capital assets	(4,300)	-	4,300	-	-
Net book value of tangible capital assets disposed	171,044	-	(171,044)	-	-
Amortization of tangible capital assets	7,239,305	-	(7,239,305)	-	-
Increase in debt	95,728	-	(95,728)	-	-
Change in accumulated surplus	(27,484)	770,182	(2,244,219)	(1,501,521)	(2,254,068)
Balance, end of year	\$ 227,964	\$ 12,388,201	\$ 86,002,530	\$ 98,618,695	\$ 100,120,216

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

## Schedule 4 - Schedule of Net Municipal Property Taxes

Year ended December 31, 2022, with comparative information for 2021

	Budget	2022	2021
General taxation:			
Real property tax	\$ 8,465,611	\$ 8,450,926	\$ 7,998,181
Linear property tax	6,904,800	6,875,554	5,842,643
Government grants in place of property taxes	11,850	11,568	4,342
	15,382,261	15,338,048	13,845,166
Requisitions:			
Alberta School Foundation Fund	3,679,379	3,698,335	3,575,760
Claresholm Recreation	-	-	28,800
Provincial Policing costs	293,565	324,044	220,331
Seniors Foundations	485,039	485,039	473,969
Designated Industrial Property	60,478	73,296	49,752
	4,518,461	4,580,714	4,348,612
Net municipal property tax	\$ 10,863,800	\$ 10,757,334	\$ 9,496,554

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

## Schedule 5 - Schedule of Expenses by Object

Year ended December 31, 2022, with comparative information for 2021

	Budget	2022	2021
Salaries, wages and benefits	\$ 6,963,065	\$ 6,442,452	\$ 6,214,870
Contracted and general services	3,046,800	2,454,190	2,939,798
Materials, goods and utilities	4,337,335	3,762,675	3,824,439
Transfers to local boards	281,600	291,300	280,037
Interest and bank charges	7,800	9,660	5,569
Transfers to organizations and individuals	452,476	465,530	458,852
Other	50,000	70,962	13,881
Amortization	230,000	7,239,305	7,188,024
<b>Total expenses by object</b>	<b>\$ 15,369,076</b>	<b>\$ 20,736,074</b>	<b>\$ 20,925,470</b>

# MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

## Schedule 6 - Schedule of Tangible Capital Assets

Year ended December 31, 2022, with comparative information for 2021

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Assets under construction	2022	2021
<b>Cost:</b>									
Balance, beginning of year	\$ 6,742,413	\$ 619,075	\$ 12,241,635	\$ 220,490,792	\$ 17,204,888	\$ 6,557,772	\$ 1,424,932	\$ 265,281,507	\$ 260,574,596
Acquisition of tangible capital assets	-	13,779	553,382	2,662,045	1,345,648	682,704	-	5,257,558	5,508,276
Construction in progress	-	83,741	995,727	(854,176)	-	-	(225,292)	-	16,011
Contributed tangible capital assets	300	-	-	-	-	4,000	-	4,300	60,993
Disposal of tangible capital assets	(2,059)	-	(181,172)	-	(763,799)	(200,046)	-	(1,147,076)	(878,369)
<b>Balance, end of year</b>	<b>6,740,654</b>	<b>716,595</b>	<b>13,609,572</b>	<b>222,298,661</b>	<b>17,786,737</b>	<b>7,044,430</b>	<b>1,199,640</b>	<b>269,396,289</b>	<b>265,281,507</b>
<b>Accumulated amortization:</b>									
Balance, beginning of year	-	209,598	2,961,622	161,283,571	8,670,511	3,546,353	-	176,671,655	170,146,727
Accumulated amortization on disposals	-	-	(155,806)	-	(676,625)	(143,601)	-	(976,032)	(663,096)
Amortization	-	26,713	209,387	5,340,876	1,333,531	328,798	-	7,239,305	7,188,024
<b>Balance, end of year</b>	<b>-</b>	<b>236,311</b>	<b>3,015,203</b>	<b>166,624,447</b>	<b>9,327,417</b>	<b>3,731,550</b>	<b>-</b>	<b>182,934,928</b>	<b>176,672,055</b>
<b>Net book value of tangible capital assets</b>	<b>6,740,654</b>	<b>480,284</b>	<b>10,594,369</b>	<b>55,674,214</b>	<b>8,459,320</b>	<b>3,312,880</b>	<b>1,199,640</b>	<b>86,461,361</b>	<b>88,609,852</b>
<b>2021 Net book value of tangible capital assets</b>	<b>\$ 6,742,413</b>	<b>\$ 409,477</b>	<b>\$ 9,280,013</b>	<b>\$ 59,207,221</b>	<b>\$ 8,534,376</b>	<b>\$ 3,011,420</b>	<b>\$ 1,424,932</b>	<b>\$ 88,609,852</b>	