

Consolidated Financial Statements of
Regional Municipality
of Wood Buffalo
Year ended December 31, 2023



REGIONAL MUNICIPALITY
OF **WOOD BUFFALO**

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Year ended December 31, 2023

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Year ended December 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Regional Municipality of Wood Buffalo (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies followed by the Municipality are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Mayor and Members of Council met with management and the external auditors to discuss the consolidated financial statements and any significant financial reporting or internal control matters prior to the management approval of the consolidated financial statements.

The consolidated financial statements have been audited by Deloitte LLP, independent auditors appointed by the Municipality. The Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

For: Regional Municipality of Wood Buffalo



Laurie Farquharson, CPA, CMA
Chief Financial Officer



Henry Hunter
Chief Administrative Officer

April 23, 2024

Independent Auditor's Report

To the Mayor and members of Council of the
Regional Municipality of Wood Buffalo

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2023, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our 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 Administration and Those Charged with Governance for the Financial Statements

Administration is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as administration 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, administration 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 administration either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

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

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

The logo for Deloitte LLP, featuring the word "Deloitte" in a stylized script font followed by "LLP" in a clean, sans-serif font.

Chartered Professional Accountants
April 23, 2024

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Statement of Financial Position

As at December 31, 2023

	2023	2022 Restated (Note 27)
Financial assets		
Cash and cash equivalents	\$ 160,341,463	\$ 186,319,475
Restricted cash (Note 2)	16,401,263	15,249,312
Taxes and grants in lieu receivable (Note 3)	8,630,475	8,676,278
Trade and other receivables (Note 4)	41,149,152	72,576,201
Inventories held for resale	1,284,763	1,195,985
Portfolio investments (Note 5)	1,121,130,359	1,115,111,746
Mortgages and notes receivable (Note 6)	3,865,936	3,987,903
	<u>1,352,803,411</u>	<u>1,403,116,900</u>
Liabilities		
Accounts payable and accrued liabilities	139,728,107	94,668,995
Deposit liabilities	10,120,861	9,539,340
Deferred revenue (Note 7)	57,429,223	64,279,339
Employee benefit obligations (Note 8)	20,971,969	20,048,646
Contaminated sites liability (Note 9)	2,696,893	2,325,346
Asset retirement obligation (Note 10)	30,101,188	28,608,451
Long-term debt (Note 11)	30,736,660	45,676,921
	<u>291,784,901</u>	<u>265,147,038</u>
Net financial assets	<u>1,061,018,510</u>	<u>1,137,969,862</u>
Non-financial assets		
Tangible capital assets (Note 13)	4,357,049,438	4,294,264,488
Consumable inventories	3,438,446	4,488,067
Prepaid expenses	4,743,403	4,733,900
	<u>4,365,231,287</u>	<u>4,303,486,455</u>
Accumulated surplus (Note 14)	<u>\$ 5,426,249,797</u>	<u>\$ 5,441,456,317</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 5,433,293,616	\$ 5,441,456,317
Accumulated remeasurement loss	(7,043,819)	-
	<u>\$ 5,426,249,797</u>	<u>\$ 5,441,456,317</u>

Contractual rights (Note 18)
 Commitments and contingent liabilities (Note 19)

See accompanying notes to consolidated financial statements.

Approved by:



Chief Financial Officer



Chief Administrative Officer

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2023

		Budget		2022
		(Note 23)	2023	Restated (Note 27)
Revenue:				
Net taxes available for municipal purposes (Note 15)	\$	459,679,400	\$ 447,403,665	\$ 467,717,354
Government transfers for operating (Note 16)		22,574,133	19,608,539	39,595,380
Sales and user charges (Note 22)		65,841,461	68,462,679	60,356,744
Sales to other governments		4,436,629	4,049,741	4,060,266
Penalties and costs on taxes		4,932,800	6,281,355	5,477,638
Licenses and permits		2,072,850	2,178,923	2,043,515
Fines		2,399,800	3,180,540	2,891,434
Franchise and concession contracts		8,600,000	8,534,636	9,112,676
Returns on investments		20,473,361	31,442,061	22,582,736
Rentals		21,109,681	21,504,925	19,305,611
Other		4,626,941	13,759,431	8,734,613
		616,747,056	626,406,495	641,877,967
Expenses (Note 17):				
Council and other legislative		1,509,244	1,280,208	1,290,976
General administration		101,139,433	106,458,934	102,076,305
Other general government		42,452,157	42,586,539	60,990,854
Police		42,743,023	52,268,108	39,289,291
Fire		33,396,802	42,577,324	37,786,922
Disaster and emergency measures		1,020,025	11,481,088	14,736,182
Ambulance and first aid		10,217,376	11,757,577	10,548,627
Bylaws enforcement		7,612,980	6,873,387	5,346,991
Common and equipment pool		26,277,115	26,598,094	24,215,959
Roads, streets, walks, lighting		32,549,939	69,969,426	71,288,423
Public transport		19,921,354	32,693,171	28,142,274
Storm sewers and drainage		456,338	5,703,024	6,009,835
Water supply and distribution		31,481,671	62,975,504	67,384,014
Wastewater treatment and disposal		23,501,462	43,154,263	47,201,952
Waste management		14,509,993	19,350,421	16,512,231
Family and community support		17,885,598	14,717,539	8,503,849
Cemeteries and crematoriums		622,640	688,426	283,672
Land use planning, zoning and development		9,586,544	10,186,761	9,757,021
Public housing operations		24,787,577	39,126,802	36,236,238
Land, housing and building rentals		4,051,678	3,807,446	3,138,510
Recreation boards		145,015	121,655	68,072
Parks and recreation		68,575,081	95,772,962	91,891,882
Culture: libraries, museums, halls		241,215	576,685	5,399,718
		514,684,260	700,725,344	688,099,798
Annual surplus (deficit) before other		102,062,796	(74,318,849)	(46,221,831)
Other:				
Government transfers for capital (Note 16)		22,700,000	66,156,148	54,527,805
Annual surplus (deficit)		124,762,796	(8,162,701)	8,305,974
Accumulated surplus, beginning of year		5,441,456,317	5,441,456,317	5,433,150,343
Adjustment to accumulated remeasurement loss on adoption of new financial instruments standard (Note 27)		-	(9,370,365)	-
Net remeasurement gain		-	2,326,546	-
Accumulated surplus, end of year	\$	5,566,219,113	\$ 5,426,249,797	\$ 5,441,456,317

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Statement of Change in Net Financial Assets

For the Year Ended December 31, 2023

	Budget		2023		2022
	(Note 23)				Restated (Note 27)
Annual (deficit) surplus	\$	124,762,796	\$	(8,162,701)	\$ 8,305,974
Acquisition of tangible capital assets		(135,795,150)		(212,350,381)	(102,797,841)
Write down of tangible capital assets		-		-	7,152,787
Transfer of tangible capital assets to inventory held for resale		-		-	6,646,226
Loss on disposal of tangible capital assets		-		5,203,382	9,191,508
Amortization of tangible capital assets		-		143,310,178	138,288,343
Proceeds on disposal of tangible capital assets		-		1,051,871	811,015
		(11,032,354)		(70,947,651)	67,598,012
Use of consumable inventories		-		1,049,621	468,259
Acquisition of prepaid expenses		-		(9,503)	(1,031,404)
		-		1,040,118	(563,145)
(Decrease) increase in net financial assets before net remeasurement gain		(11,032,354)		(69,907,533)	67,034,867
Net remeasurement gain		-		2,326,546	-
Net financial assets, beginning of year		1,137,969,862		1,137,969,862	1,070,934,995
Adjustment to accumulated remeasurement loss on adoption of new financial instruments standard (Note 27)		-		(9,370,365)	-
Net financial assets, end of year	\$	1,126,937,508	\$	1,061,018,510	\$ 1,137,969,862

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Statement of Cash Flows

For the Year Ended December 31, 2023

	2023	2022 Restated (Note 27)
Cash provided by (used in):		
Operating:		
Annual (deficit) surplus	\$ (8,162,701)	\$ 8,305,974
Non-cash items included in annual surplus		
Amortization of tangible capital assets	143,310,178	138,288,343
Loss on disposal of tangible capital assets	5,203,382	9,191,508
Accretion of asset retirement obligation	1,492,737	1,339,562
Non-cash transfer to individuals and organizations	-	5,647,209
Write down of tangible capital assets	-	7,152,787
Change in non-cash assets and liabilities:		
Taxes and grants in lieu receivable	45,803	1,117,995
Trade and other receivables	31,427,049	(15,923,176)
Inventories held for resale	(88,778)	(18,119)
Consumable inventories	1,049,621	468,259
Prepaid expenses	(9,503)	(1,031,404)
Accounts payable and accrued liabilities	45,059,112	14,550,859
Deposit liabilities	581,521	(462,412)
Deferred revenue	(6,850,116)	(11,064,911)
Employee benefit obligations	923,323	774,171
Contaminated sites liability	371,547	193,737
Cash provided by operating transactions	214,353,175	158,530,382
Capital:		
Proceeds on disposal of tangible capital assets	1,051,871	811,015
Acquisition of tangible capital assets	(212,350,381)	(102,797,841)
Cash applied to capital transactions	(211,298,510)	(101,986,826)
Investing:		
Decrease in mortgages and notes receivable	121,967	255,112
(Increase) decrease in restricted cash	(1,151,951)	978,471
Increase in investments	(13,062,432)	(3,484,278)
Cash applied to investing transactions	(14,092,416)	(2,250,695)
Financing:		
Long-term debt repaid	(14,940,261)	(12,152,857)
Cash applied to financing transactions	(14,940,261)	(12,152,857)
Change in cash and cash equivalents during the year	(25,978,012)	42,140,004
Cash and cash equivalents, beginning of year	186,319,475	144,179,471
Cash and cash equivalents, end of year	\$ 160,341,463	\$ 186,319,475

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Statement of Remeasurement Gains and Losses

For the Year Ended December 31, 2023

		2023
Accumulated remeasurement gain (loss), beginning of year	\$	-
Adjustment to accumulated remeasurement loss on adoption of new financial instruments standard (Note 27)		(9,370,365)
Unrealized gains attributable to portfolio investments		1,504,140
Amounts reclassified to the statement of operations		
Portfolio investments		822,406
Accumulated remeasurement loss, end of year	\$	(7,043,819)

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

The Regional Municipality of Wood Buffalo (the Municipality) is a municipality in the Province of Alberta, Canada and operates under the provisions of the Municipal Government Act, R.S.A., 2000, c.M-26, as amended (MGA).

1. Significant accounting policies

The consolidated financial statements of the Municipality are prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the Municipality are as follows:

(a) Reporting entity

(i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of entities whose operations and assets are under the control of the Municipality. In addition to general municipal tax supported operations, they include:

Regional Municipality of Wood Buffalo Library Board
Wood Buffalo Housing & Development Corporation
Regional Recreation Corporation of Wood Buffalo
Wood Buffalo Economic Development Corporation
Wood Buffalo Arctic Winter Games Host Society

Interdepartmental and inter-organizational transactions and balances have been eliminated.

(ii) Other boards and commissions

The Municipality is a member of various other boards and commissions that are not included in the reporting entity.

(iii) Alberta School Foundation Fund and School Boards

The note for net taxes available for municipal purposes includes requisitions for the Alberta School Foundation Fund and School Boards that are not part of the reporting entity.

(b) Basis of accounting

The Municipality follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Property tax revenue is based on approved annual budget and requisition requirements. Property tax assessment is based on either the market value or regulated value legislated standard as prescribed in the MGA. The market value standard is based on the market value of properties as of July 1st of the preceding year. The regulated value standard is based on rates and procedures prescribed by Alberta Municipal Affairs. Assessments are subject to appeal. Potential losses on assessment appeals outstanding are recorded as a provision in accounts payable and accrued liabilities.

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 collectible from property owners for work performed by the Municipality.

Local improvement levies represent funds from external parties that are restricted by legislation and are accounted for as deferred revenue until the special assessments are authorized by Council, issued to the property owners, and the funds are used for the purpose specified.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(b) Basis of accounting (continued)

Government transfers and grants are recognized in the consolidated financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the Municipality, and reasonable estimates of the amounts can be made. Prior to that time, any amounts received, along with the restricted interest thereon, are recorded as deferred revenue.

Authorized transfers from the Municipality to other organizations or individuals are recorded as an expense when the recipients have met the eligibility criteria and the amount can be reasonably estimated. The majority of transfers made by the Municipality are in the form of grants or operating subsidies.

Revenues for the provision of goods or services are recognized in the period in which the goods are provided, or the services are rendered. Revenues from sponsorships are recognized over the terms of the sponsorship agreements. Rental income is recognized as revenue in the relevant tenancy period. Revenues from land and building sales related to inventories held for resale are recognized when title transfers and all of the rights and responsibilities of ownership have transferred, the price to the buyer is determinable and collection is reasonably assured. Amounts received under rights holder agreements have been deferred and are recognized as revenue on a straight-line basis over the 25-year life of the agreements.

Returns on investments are recorded as revenue in the period earned. When required by the funding government or related act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

Deferred revenue represents amounts received from third parties for a specified operating or capital purpose. These amounts are recognized as revenue in the period when the related expenses are incurred.

Expenses are recognized as they are incurred and are measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Cash and cash equivalents

Cash includes cash on hand and balances with banks, net of overdrafts.

Cash equivalents consist of bank deposits and may include short-term investments with original term to maturity of three months or less.

(d) Excess collections and under-levies

Excess collections and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the excess collection is recorded as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is recorded as a receivable and property tax revenue is increased.

Mill-rates in a subsequent year are adjusted for any excess collections or under-levies of the prior year.

(e) Inventories held for resale

Property and other inventories are recorded at the lower of cost and net realizable value. Property inventory held under equity and affordability programs which have been sold, but where revenue recognition criteria have not been met, are recorded at the lower of cost and net realizable value.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(f) *Portfolio investments*

Post-January 1, 2023 accounting policy

Portfolio investments consist of instruments quoted in an active market and are initially recorded at their purchase price. Investment premiums and discounts are amortized on a net present value basis over the term of the respective investments, thereby recognizing return on investment revenue within the statement of operations based on their effective interest rates.

Effective January 1, 2023, the Municipality adopted Public Sector Accounting Standard 3450 – Financial Instruments. As a result of adoption, portfolio investments are designated between fair value and amortized cost categories. See note 27 for further information.

The fair value category, consisting of bonds with embedded derivatives, are remeasured at fair value based on quoted market rates. Unrealized differences between amortized cost and fair value are reported as remeasurement gains or losses in the statement of remeasurement gains and losses. Upon derecognition of a portfolio investment in the fair value category, its accumulated remeasurement gains and losses are reclassified to the statement of operations. Transaction costs of investments in the fair value category are recognized as a reduction to return on investment revenue.

The amortized cost category, consisting of debt instruments, continue to be measured at amortized cost and are not remeasured at fair value. Transaction costs are added to the carrying value of investments in the amortized cost category.

Financial statements of prior years, including comparative information, have not been restated. As a result, portfolio investments from both the fair value and amortized cost categories are measured at amortized cost as at December 31, 2022.

The Municipality classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements with Level 1 being the highest quality and reliability.

Level 1: Quoted prices in an active market.

Level 2: Inputs other than quoted prices within Level 1 that are observable either directly through quoted prices for similar but not identical investments or indirectly through observable data.

Level 3: Inputs that are not based on observable market data.

At each financial statement date, portfolio investments are assessed to determine whether there is evidence of impairment. When there is a significant impairment, other than a temporary decline, the respective investment is written down by recognizing a loss within the statement of operations.

Pre-January 1, 2023 accounting policy

Portfolio investments are recorded at amortized cost. Investment premiums and discounts are amortized on a net present value basis over the term of the respective investments. When there is a significant impairment, other than a temporary decline, the respective investment is written down to recognize the loss.

(g) *Mortgages and notes receivable*

Mortgages and notes receivable are carried at amortized cost using the effective interest method. The effective interest rate is determined to be the Wood Buffalo Housing and Development Corporation's weighted average cost of borrowing at the time the agreement is executed. The discount recorded on the mortgages and notes receivable is amortized each year to return on investment income. Mortgages and notes receivable are reviewed annually to determine recoverability. If the amount recoverable is less than the amortized cost, a valuation allowance is used to adjust the recorded value to the recoverable amounts.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(h) *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 ordinary course of operations.

(i) Tangible capital assets

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

Asset	Useful Life - Years
Land improvements	5 to 45
Buildings and improvements	5 to 80
Engineered structures	10 to 120
Machinery and equipment	3 to 30
Vehicles	5 to 15

Annual amortization is charged at 50% 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.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Municipality'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 net book value.

(ii) Contributions of tangible capital assets

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

(iii) Tangible capital assets recognized at nominal values

Where an estimate of fair value could not be made, tangible capital assets are recognized at a nominal value.

(iv) Natural resources

Natural resources that have not been purchased are not recognized as tangible capital assets in these consolidated financial statements.

(v) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as tangible capital assets in these consolidated financial statements. Any acquisition costs are expensed in the year they are acquired.

(vi) Capitalization of costs

The Municipality does not capitalize interest costs associated with the acquisition or construction of tangible capital assets. General and administrative indirect overhead expenses are not allocated and capitalized.

(vii) Leases

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(viii) Consumable inventories

Consumable inventories are recorded at the lower of cost and replacement cost.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(i) Contaminated sites liability

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

(j) Asset retirement obligation

Asset retirement obligations ("ARO") represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.

The liability associated with ARO is measured with reference to the best estimate as of the financial statement date to the extent that all recognition criteria are met. ARO are only recognized when there is a legal obligation for the Municipality to incur costs in relation to a specific Tangible Capital Asset ("TCA"), a past transaction or event causing the liability has already occurred, future economic benefits are expected to be given up, and a reasonable estimate of such amount can be made. The liability is measured based on the net present value of cash flows expected over future periods.

When a liability for ARO is initially recognized, a corresponding adjustment to the related TCA is also recognized for underlying assets that have been recorded in the consolidated financial statements. In subsequent periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred during the period. The capitalized asset retirement cost within TCA is also simultaneously amortized on the same basis as the underlying asset to which it relates. In circumstances when the underlying asset is fully depreciated, the ARO will be amortized over the estimated future life until the cash disbursement is made in the future to settle the obligation.

The Municipality derecognizes liabilities for ARO upon settlement. Gains or losses upon derecognition are recognized in the statement of operations.

(k) Employee future benefits

The costs of multi-employer defined benefit pension plan benefits such as Local Authorities Pension Plan (LAPP) and APEX pension plans are the employer's contributions to the plan in the period. Health and dental benefits are provided on an administrative service only basis. The Municipality is responsible for the employer share of benefit premiums throughout the year.

(l) Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the period.

Actual results could differ from those estimates.

Management has used estimates to determine employee benefit obligations, asset retirement obligations, contaminated sites liability, accrued liabilities, provisions for tax assessment appeals, tangible capital asset useful lives, provision for investment impairment, provisions made for allowances for taxes and other receivables, inventories, as well as natural disaster related trade and other receivables.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(m) Recent Accounting Standard Pronouncements

The following summarizes upcoming changes to the Canadian public sector accounting standards issued by the PSAB. The Municipality will continue to assess the impact of these standards of the consolidated financial statements.

(i) Revenue

Section PS3400 establishes standards on how to account for and report on revenue, specifically addressing revenue arising from exchange transactions and non-exchange transactions. This standard is applicable for fiscal years beginning on or after April 1, 2023.

(ii) Public private partnerships

Section PS3170 establishes standards on how to account for partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner. This standard is applicable for fiscal years beginning on or after April 1, 2023.

2. Restricted cash

Restricted cash is comprised of various tenant deposits and reserves required under funding agreements related to the delivery of affordable housing programs amounting to \$16,401,263 (2022 - \$15,249,312).

Under the terms of the mortgage agreements related to affordable housing operations, the Municipality deposits 4% of the gross income of the related properties into the restricted replacement reserves account. This amount is reserved for major capital repairs. Withdrawals require prior approval by the lender following submission of paid invoices for approved major capital repairs.

3. Taxes and grants in lieu receivable

	2023	2022
Current	\$ 12,658,867	\$ 11,487,431
Arrears**	32,241,253	27,326,516
	44,900,120	38,813,947
Less allowance for doubtful accounts	(36,269,645)	(30,137,669)
	\$ 8,630,475	\$ 8,676,278

** levies which were imposed one year or longer prior to year end.

4. Trade and other receivables

	2023	2022
Government transfers	\$ 17,306,361	\$ 45,203,144
GST recoverable	2,413,631	3,577,948
Utility receivables	8,384,784	7,566,097
Trade receivables	13,044,376	16,229,012
	\$ 41,149,152	\$ 72,576,201

Trade and other receivables include allowance for doubtful accounts of \$5,096,683 (2022 - \$5,078,815).

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

5. Portfolio investments

Portfolio investments as at December 31, 2022 are measured at amortized cost whereas at December 31, 2023 they are divided between fair value and amortized cost categories. Fair value of portfolio investments are classified as Level 1 for fair value hierarchy purposes. See Note 1f) for further details.

	2023			2022	
	Amortized Cost	Fair Value	Carrying Value	Amortized Cost & Carrying Value	Fair Value
Cash	\$ 7,029,145	\$ 7,029,145	\$ 7,029,145	\$ 8,285,585	\$ 8,285,585
Bonds at fair value	108,638,717	101,594,898	101,594,898	115,277,670	105,907,305
Bonds at amortized cost	1,012,506,316	940,663,199	1,012,506,316	991,548,491	889,142,100
	\$ 1,128,174,178	\$ 1,049,287,242	\$ 1,121,130,359	\$ 1,115,111,746	\$ 1,003,334,990

Bonds at fair value, bearing interest rates from 2.00% to 4.00% (2022 – 2.00% to 4.00%).

Bonds at amortized cost, bearing interest rates from 1.60% to 6.00% (2022 – 0.25% to 5.17%).

The market value of certain portfolio investments fluctuates with changing market interest rates.

Management has concluded, based on a review of market information for these investments, there is no objective evidence of significant impairment that is other than temporary.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

6. Mortgages and notes receivable

	2023	2022
Housing affordability loans, bearing interest at rates ranging from 0% to 6% per annum, compounded semi-annually, payable in monthly instalments of interest only, repayable when the borrower sells the property, secured by vendor take back mortgages on land and buildings and market appreciation guarantees (face value - \$4,024,451 (2022 - \$4,417,090))	\$ 1,916,123	\$ 1,997,961
Home equity loans, non-interest bearing, without monthly repayment terms, with principal repayable when the borrower sells the property, secured by vendor take back mortgages on land and buildings and market appreciation guarantees (face value - \$3,671,452 (2022 - \$4,039,486))	1,657,652	1,711,996
Demand promissory notes receivable, bearing interest at 6% per annum, with total payments including principal and interest ranging from \$98 to \$213 per month, representing a 25-year amortization period, secured by land and buildings in Conklin and Janvier (face value - \$115,285 (2022 - \$121,846))	90,502	87,492
Demand second mortgages receivable, non-interest bearing, with total payments and forgiveness ranging from \$70 to \$169 per month, representing a 25-year amortization period, secured by land and buildings in Conklin and Janvier (face value - \$276,758 (2022 - \$284,604))	201,659	190,454
	\$ 3,865,936	\$ 3,987,903

The Municipality annually reviews the current market conditions in the region to determine if the market value of real estate has declined significantly, affecting the required repayment on loans receivable should a sale occur. If the net book value of loans receivable is no longer representative of the net recoverable value after an analysis of the portfolio, a valuation loss will be recorded in the statement of operations.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

7. Deferred revenue

Deferred revenue is comprised of the funds noted below, the use of which is externally restricted. These funds are recognized as revenue in the period they are used for the purpose specified. Certain deferred revenues relate to government transfers as further described in Note 16.

	2022	Externally restricted inflows (outflows)	Revenue (recognized) reallocated	2023
<u>Government transfers</u>				
Operating:				
Community Housing Plan (a)	\$ -	\$ 5,365,758	\$ (5,163,717)	\$ 202,041
Rent Supplement Program (b)	2,353,995	5,476,145	(5,655,490)	2,174,650
911 Grant (c)	1,326,031	420,075	(3,583)	1,742,523
Policing Support Grant (d)	377,460	1,509,842	(1,509,842)	377,460
Family and Community Support Services Grant (e)	24,013	1,990,824	(1,910,033)	104,804
Alberta Relief for Shortfalls for Transit Operators (f)	206,654	-	(206,654)	-
Victims of Crime Fund (g)	99,750	449,000	(494,728)	54,022
Women's Economic Recovery Challenge Program (h)	158,450	-	(63,654)	94,796
Forest Resource Improvement Association (i)	-	100,000	-	100,000
Other operating grants	835,188	1,058,387	(1,557,268)	336,307
	5,381,541	16,370,031	(16,564,969)	5,186,603
Capital:				
Municipal Sustainability Initiative Grant (j)	11,367,443	28,639,443	(39,758,817)	248,069
Canada Community-Building Fund (k)	16,159,315	14,391,575	(14,121,065)	16,429,825
Alberta Affordable Housing Initiative (l)	862,997	40,691	(5,040)	898,648
911 Grant (c)	-	259,839	(212,592)	47,247
South Policing Facility Grant (m)	1,163,826	-	(8,340)	1,155,486
Green Transit Incentives Program Grants (n)	375,983	(291,842)	-	84,141
Alberta Community Resilience Program Grant (o)	1,017,165	23,391	(904,248)	136,308
Municipal Stimulus Program	140,293	-	(140,293)	-
Alberta Municipal Water/Wastewater Partnership (p)	5,595,177	-	-	5,595,177
Active Transportation Fund (q)	-	100,000	(97,268)	2,732
Other capital grants	-	321,005	(305,264)	15,741
	36,682,199	43,484,102	(55,552,927)	24,613,374
	42,063,740	59,854,133	(72,117,896)	29,799,977
<u>Other</u>				
Rights Holder Agreements (r)	760,000	-	(84,800)	675,200
Deferred Property Taxes	6,433,158	16,622,186	(6,433,158)	16,622,186
Deferred Offsite Levies and Developer Charges (s)	2,951,495	163,969	-	3,115,464
Deferred Developer Agreements (t)	3,320,398	-	-	3,320,398
Golf and fitness memberships	877,532	4,007,871	(3,751,298)	1,134,105
Other	7,873,016	5,105,095	(10,216,218)	2,761,893
	22,215,599	25,899,121	(20,485,474)	27,629,246
	\$ 64,279,339	\$ 85,753,254	\$ (92,603,370)	\$ 57,429,223

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

7. Deferred revenue (continued)

Operating government transfers

(a) Community Housing Plan

The Community Housing Plan is an arrangement where money is received from both the Province of Alberta and the Government of Canada to assist homeless individuals to obtain housing and provide support services through funding provided to a number of not-for-profit organizations. Accruals are set up at the end of each year to record deferred revenue or trade and other receivables from the Province of Alberta and the Government of Canada. During 2023, the Municipality received \$5,365,758 (2022 - \$4,625,389).

(b) Rent Supplement Program

The Rent Supplement Program grant is an arrangement where money is received from the Province of Alberta to provide housing assistance for individuals and families residing or needing to reside in the Regional Municipality of Wood Buffalo. The Municipality makes claims for qualified individuals or families, receives the funds and pays them out to qualified individuals on a monthly basis. During 2023, the Municipality received grant funding of \$5,476,145 (2022 - \$4,547,605).

(c) 911 Grant

Alberta's Emergency 911 Act came into force on April 1, 2014. The Act established the Alberta 911 Grant Program under the Alberta Emergency Management Agency. The objective of the 911 Grant Program is to strengthen and support local delivery of 911 services throughout Alberta. This is done through delivering a source of funding towards qualifying operating and capital expenditures. In 2023, the Municipality received \$656,869 (2022 - \$663,649) and allocated interest on the unspent grant in the amount of \$23,045 (2022 - \$14,788).

(d) Policing Support Grant

The Province of Alberta provides the Policing Support Grant (PSG) through the Alberta Solicitor General and Minister of Public Security. PSG provides assistance to Municipalities to promote the hiring of new police officers throughout the province and helps communities to meet the costs of their policing services. During 2023, the Municipality received \$1,509,842 (2022 - \$1,509,840).

(e) Family and Community Services Support Grant

The Province of Alberta provides the Family and Community Support Services Grant to support several programs for children, youth, families, adults, seniors, community development, and social planning in the Municipality's different communities in accordance with the Family and Community Support Services Act and Regulation. During 2023, the Municipality received \$1,990,824 (2022 - \$1,443,384).

(f) Alberta Relief for Shortfalls for Transit Operators

In 2022, the Province of Alberta introduced the Relief for Shortfalls for Transit Operators (RESTOR) grant to assist municipalities to recover from low transit ridership as a result of the COVID-19 pandemic. During 2023, the Municipality received \$nil (2022 - \$1,194,284).

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

7. Deferred revenue (continued)

Operating government transfers (continued)

(g) *Victims of Crime Fund*

The Province of Alberta, through Alberta Justice and Solicitor General, provides the Victims of Crime fund which funds services that benefit victims during their involvement with the criminal justice process. During 2023, the Municipality received \$449,000 (2022 - \$498,750).

(h) *Women's Economic Recovery Challenge Program*

The Province of Alberta, through the Ministry of Jobs, Economy and Northern Development, provides the Women's Economic Recovery Challenge (WERC) to fund initiatives that help women's economic opportunities by providing strategies and solutions to address barriers. During 2023, the Municipality received \$nil (2022 - \$158,450).

(i) *Forest Resource Improvement Association*

The Forest Resource Improvement Association of Alberta (FRIAA) FireSmart program helps communities and residents manage and reduce the threat of wildfire. The program supports communities in carrying out activities aimed at reducing the threat of wildfire. In 2023, the Municipality received \$100,000 (2022 - \$nil).

Capital government transfers

(j) *Municipal Sustainability Initiative Grant*

In 2007, the Province of Alberta introduced the Municipal Sustainability Initiative program to assist municipalities with managing growth pressures, provide sustainable funding and support infrastructure needs. In 2023, the Municipality received \$28,391,374 (2022 - \$32,531,521) and allocated interest on the unspent grant in the amount of \$248,069 (2022 - \$369,996).

(k) *Canada Community-Building Fund*

The Canada Community-Building Fund assists municipalities in addressing their sustainable municipal capital infrastructure needs. In 2023, the Municipality received \$13,684,738 (2022 - \$nil) and allocated interest on the unspent grant in the amount of \$706,837 (2022 - \$320,606).

(l) *Alberta Affordable Housing Initiative*

The Province of Alberta provides grants to support the development and supply of affordable housing in Hawthorne Heights and Parsons Creek. During 2023, the Municipality allocated interest on the unspent grants in the amount of \$40,691 (2022 - \$21,004).

(m) *South Policing Facility Grant*

Alberta Infrastructure provided funding in 2011 as a contribution towards the costs of the construction and development of a new Wood Buffalo South Policing Facility. The remaining balance will be recognized as rental revenue over the term of the South Policing Facility lease.

(n) *Green Transit Incentive Program Grants*

The Municipality entered into cost-sharing agreements with Alberta Transportation to undertake the construction of a transit maintenance facility, 34 low floor buses and two bus bay turnouts, whereby the Province of Alberta provided 66.7% of eligible costs. In 2023, the Municipality returned \$291,842 (2022 – received \$4,962).

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

7. Deferred revenue (continued)

Capital government transfers (continued)

(o) Alberta Community Resilience Program Grant

The Municipality entered into an agreement with Alberta Environment and Parks for funding under the Alberta Community Resilience Program to undertake flood mitigation work in the region. In 2023, the Municipality allocated interest on the unspent grant in the amount of \$23,391 (2022 - \$30,256).

(p) Alberta Municipal Water/Wastewater Partnership

The Province of Alberta, through the Alberta Municipal Water/Wastewater Partnership (AMWWP), provides cost-sharing funding to eligible municipalities to help build municipal facilities for water supply and treatment, and wastewater treatment and disposal. During 2023, the Municipality received \$nil (2022 - \$3,000,000).

(q) Active Transportation Fund

The Municipality entered into an agreement with Infrastructure Canada in 2023. Through this fund, projects that build new and expanded networks of trails, pedestrian bridges and pathways are supported. In 2023, the Municipality received \$100,000 to assist with their Active Transportation Trail Phase 2 and Prairie Creek Perimeter Trail projects.

Other

(r) Rights Holder Agreements

From 2006 to 2009, contributions totaling \$2,120,000 were received from entities within the Municipality in exchange for rights holder agreements for certain vacant units in apartment projects owned by the Municipality for a period of 25 years. Revenue is recognized on right holder agreements on a straight-line amortization basis over 25 years.

(s) Deferred Offsite Levies and Developer Charges

The Municipality collects offsite levies and developer charges from property developers prior to new development commencing within the Municipality. During 2023, the Municipality received \$5,191 (2022 - \$95,952) in levies and charges and allocated interest on the unspent levies and charges of \$158,778 (2022 - \$31,992).

(t) Deferred Developer Agreements

The Municipality entered agreements to perform work on behalf of developers and received payments in lieu of municipal reserve lands.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

8. Employee benefit obligations

	2023	2022
Accrued vacation pay and overtime bank	\$ 9,772,302	\$ 9,307,106
Accrued salary and benefits	11,199,667	10,741,540
	\$ 20,971,969	\$ 20,048,646

(a) *Vacation and overtime*

The vacation and overtime liability are comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to those benefits within the next budgetary year.

(b) *Local Authorities Pension Plan (LAPP)*

Employees of the Municipality participate in the LAPP, which is covered by the Alberta Public Sector Pension Plans Act.

The Municipality is required to make current service contributions to the LAPP of 8.45% (2022 - 8.45%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 12.23% (2022 - 12.80%) for the excess. Employees of the Municipality are required to make current service contributions of 7.45% (2022 - 7.45%) of pensionable salary up to the year's maximum pensionable salary and 11.23% (2022 - 11.80%) on pensionable salary above this amount. Contributions for current service are recorded as expenditures in the year in which they become due.

Total current service contributions paid by the Municipality to the LAPP in 2023 are \$16,011,140 (2022 - \$15,519,249). Total current service contributions paid by the employees of the Municipality to the LAPP in 2023 are \$14,438,822 (2022 \$14,015,923).

(c) *APEX Supplementary Pension Plan*

The APEX Supplementary Pension Plan, an Alberta Municipalities (Formerly Alberta Urban Municipalities Association) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2003, and provides supplementary pension benefits to a prescribed class of employees with approximately 223 (2022 - 223) beneficiaries. The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the Municipality. Employees and the Municipality are required to make current service contributions to APEX of 2.61% (2022 - 2.61%) and 2.96% (2022 - 3.85%) respectively on pensionable earnings up to \$180,500 (2022 - \$171,000) per employee per year.

Total current service contributions paid by the Municipality to APEX in 2023 were \$862,553 (2022 - \$998,557). Total current service contributions paid by the employees of the Municipality in 2023 were \$705,166 (2022 - \$676,944).

The cost of post-retirement benefits earned by employees is determined by actuarial valuation using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation, and retirement age of employees. The cost of post-retirement benefits is fully funded.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

8. Employee benefit obligations (continued)

(d) *Other employee benefit plans*

The Municipality fully funds all benefits with the exception of long-term disability and benefits that are paid by employees as outlined in the Canadian Union of Public Employees and International Association of Fire Fighters contracts. The Municipality's contributions are expensed to the extent that they do not relate to discretionary reserves. The Municipality accrues its obligations for employee non-pension future benefits.

The Municipality sponsors certain employee registered and non-registered retirement plans, which are funded through employee and/or employer contributions.

(e) *Employee housing initiative – home equity protection program*

On February 14, 2006, a home equity protection program was established by the Municipality. Under this program, any employee approved for participation in the program will be compensated by the Municipality in an amount equal to any loss in value of the employee's principal residence between the date of the employee's approval for participation in the program and the date of sale of the principal residence by the employee. This program was discontinued as of November 30, 2013.

Employees who are approved for participation in the program become eligible for payment under the program after the employee has completed three years of uninterrupted permanent employment with the Municipality. If an employee ceases to be an employee of the Municipality within the three-year period or if an employee is not in continuous occupancy of their principal residence, they are not eligible for payment under the program.

As at December 31, 2023, \$627,100 (2022 - \$1,191,787) is accrued within these consolidated financial statements relating to this program. During 2023, the Municipality paid out \$2,059,937 (2022 - \$2,301,325) for this program. There are 162 (2022 - 175) employees eligible, approved and participating in the program with an aggregate secured property value of \$100,254,190 (2022 - \$106,725,445) based on assessed values.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

8. Employee benefit obligations (continued)

(f) MuniSERP - supplemental retirement program

MuniSERP is an accrued benefit obligation for certain groups of employees; the future benefit plan commenced in 2012. An actuarial valuation for this plan was completed by the Alberta Municipal Services Corporation's actuaries as at December 31, 2023.

MuniSERP is a supplementary retirement program that cannot be prefunded.

This is a municipal contributed plan for a certain group of employees. MuniSERP is managed through Alberta Municipal Services Corporation.

This program provides benefits in excess of those allowed under the registered pension plans - LAPP and APEX Supplementary Pension Plans. This program is not a registered pension plan and thus is not subject to pension regulation.

The following presents the MuniSERP net assets as at December 31st:

	2023	2022
Accrued benefit obligation		
Balance, beginning of year	\$ 504,270	\$ 642,288
Current service and interest cost (recovery)	244,798	(138,018)
Balance, end of year	749,068	504,270
Assets held to fund liability	(681,674)	(442,153)
Net liabilities	\$ 67,394	\$ 62,117

The significant actuarial assumptions measuring the Municipality's accrued benefit obligation are:

	2023	2022
Inflation	2.00%	2.00%
Wages and salaries escalations	2.75%	2.75%
Interest (discount rate on accrued benefit obligations)	5.00%	4.75%
Average municipal service (years)	4.2	3.6

9. Contaminated sites liability

The Municipality recorded a contaminated sites liability for 2023 of \$2,696,893 (2022 - \$2,325,346) which represents the present value of reclamation costs to the Municipality, using annual rates of 4.14% (2022 - 4.07%) for inflation, discount rates of 5.27% (2022 - 4.87%) for remediation costs, and 3.05% (2022 - 3.31%) for any related pre-remediation or monitoring costs. The following represents the contaminated sites liability breakdown by site at December 31st:

	2023	2022
Sites:		
Conklin - former airstrip	\$ 710,877	\$ 625,266
Conklin - former storage site	134,827	125,034
Fort Chipewyan - historic unofficial landfill	75,556	73,315
Fort McMurray - former tow yard	1,775,633	1,501,731
Net present value of estimated expenditures	\$ 2,696,893	\$ 2,325,346

Contaminants that exceed environmental standards were present in the soil and/or groundwater due to the historic usage of the sites and/or to items remaining on the sites today. The undiscounted estimated expenditures for these sites is \$3,243,717 (2022 - \$2,788,493) and there are no expected recoveries available from other sources.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

10. Asset retirement obligation

		2022 Restated (Note 27)
	2023	
Balance, beginning of the year	\$ 28,608,451	\$ 27,268,889
Accretion expense	1,492,737	1,339,562
Estimated total liability	\$ 30,101,188	\$ 28,608,451

Buildings

The Municipality is required to remove asbestos and other hazardous materials upon demolition or renovation of various buildings under its ownership. Future expenditures of such asset retirement activities are expected to be incurred over the following 1 to 50 years. The Municipality applied inflation of 4.14% and discount rates between 4.97% and 5.28% to estimate the present value of future expenditures associated these activities. The total estimated asset retirement obligation pertaining to buildings is \$5,903,502 (2022 - \$5,541,668). At 4.14% inflation, the undiscounted estimated future costs pertaining to buildings is \$15,329,239.

Landfills

The Fort McMurray Regional landfill and the Fort Chipewyan landfill are the only operational landfill sites within the Municipality. As of 2023, there are four closed and two partially closed landfill sites within the Regional Municipality of Wood Buffalo.

Landfill closure and post-closure care requirements have been defined in accordance with The Environmental Management and Protection Act and include final covering and landscaping of the landfill, pumping of ground water, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 2 to 43 year period using the best information available to management. Future events may result in significant changes to the estimated total expense and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The estimated liability is based on the sum of discounted future cash flows of closure and post-closure activities using the discount rates between 4.97% to 5.28%. The total estimated asset retirement obligation pertaining to landfills is \$24,197,686 (2022 - \$23,066,783). At 4.14% inflation, the undiscounted estimated future costs pertaining to landfills is \$33,028,728.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

11. Long-term debt

	2023	2022
Controlled organizations debt	\$ 30,736,660	\$ 45,676,921

Controlled organizations debt

Long-term debt is comprised of commercial mortgages with weighted average interest rate of 2.6% (2022 - 2.6%), payments of \$231,340 per month including principal and interest, maturities from 2026 to 2030, with land and buildings pledged as collateral with a carrying value of \$165,593,087 (2022 - \$173,136,039).

Contractual principal repayments of long-term debt for the next 5 years and thereafter are as follows:

	Principal Payments
2024	\$ 2,060,857
2025	2,116,528
2026	21,042,660
2027	933,923
2028	1,029,324
2029 and thereafter	3,553,368
	\$ 30,736,660

Interest on long-term debt in 2023 amounted to \$673,309 (2022 - \$1,418,359).

The long-term debt is also collateralized by a general assignment of rents, leases and sales proceeds, deposits and all other payments on the housing projects. Principal balances maturing would either be refinanced or paid in full at the date of maturity and are included in principal repayments due in the year of maturity.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

12. Debt and debt service limits

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

Debt limit

	2023	2022
Maximum allowable debt	\$ 1,157,222,932	\$ 1,201,092,554
Total municipal debt	-	-
Amount of total debt limit available	\$ 1,157,222,932	\$ 1,201,092,554
Percentage used	0.00%	0.00%

Debt service limit

	2023	2022
Maximum allowable debt service	\$ 202,514,013	\$ 210,191,197
Annual payments on existing municipal debt	-	-
Amount of service on debt limit available	\$ 202,514,013	\$ 210,191,197
Percentage used	0.00%	0.00%

The debt limit is calculated at 2.0 times revenue of the Municipality (as defined in the Regulation as amended by Ministerial Order L:038/06) and the debt service limit is calculated at 0.35 times of the same revenue. Incurring debt beyond these limitations requires approval by the Provincial Minister of Municipal Affairs.

Pursuant to section 6(1) of the Regulation, the Municipality has elected to exclude revenues, total debt and debt service costs for certain controlled corporations from its debt limit and debt service limit calculations. The controlled corporations that have been excluded are Wood Buffalo Housing & Development Corporation and the Regional Recreation Corporation of Wood Buffalo.

The Municipality's Debt Management Policy (amended November 27, 2012) has an established debt and debt service limit of 85% of the Municipal Government Act and regulation limits.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

13. Tangible capital assets

2023

	Land	Land Improvements	Buildings and Improvements	Engineered Structures	Machinery and Equipment	Vehicles	Assets Under Construction	2023 Total
COST:								
<i>Balance, beginning of year</i> <i>(Restated - Note 27)</i>	\$ 416,722,195	\$ 447,904,573	\$ 1,048,077,430	\$ 3,478,623,097	\$ 173,242,681	\$ 89,265,608	\$ 151,706,398	\$ 5,805,541,982
Acquisition of tangible capital assets	1,853,782	29,166,199	7,556,031	102,100,445	8,294,786	7,723,903	55,655,235	212,350,381
Disposal of tangible capital assets	(617,022)	(62,851)	(2,360,850)	(14,476,079)	(4,027,383)	(3,140,057)	-	(24,684,242)
<i>Balance, end of year</i>	\$ 417,958,955	\$ 477,007,921	\$ 1,053,272,611	\$ 3,566,247,463	\$ 177,510,084	\$ 93,849,454	\$ 207,361,633	\$ 5,993,208,121
ACCUMULATED AMORTIZATION:								
<i>Balance, beginning of year</i> <i>(Restated - Note 27)</i>	\$ -	\$ 168,040,027	\$ 279,899,939	\$ 878,079,264	\$ 121,048,515	\$ 64,209,749	\$ -	\$ 1,511,277,494
Annual amortization	-	24,691,049	29,116,976	75,417,795	8,018,729	6,065,629	-	143,310,178
Accumulated amortization on disposals	-	(52,595)	(2,830,078)	(10,999,450)	(1,472,222)	(3,074,644)	-	(18,428,989)
<i>Balance, end of year</i>	\$ -	\$ 192,678,481	\$ 306,186,837	\$ 942,497,609	\$ 127,595,022	\$ 67,200,734	\$ -	\$ 1,636,158,683
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 417,958,955	\$ 284,329,440	\$ 747,085,774	\$ 2,623,749,854	\$ 49,915,062	\$ 26,648,720	\$ 207,361,633	\$ 4,357,049,438

Notes to Consolidated Financial Statements

13. Tangible capital assets (continued)

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REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

13. Tangible capital assets (continued)

a) *Assets under construction*

Assets under construction having a value of \$207,361,633 (2022 - \$151,706,398) have not been amortized. Amortization of these assets will commence when the assets are available for use.

b) *Tangible capital assets disclosed at nominal values*

Assets recognized at nominal value by the Municipality consist of certain land, land improvements, buildings and improvements, machinery and equipment, engineered structures, and vehicles.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

14. Accumulated surplus

	2023	2022 Restated (Note 27)
Operations:		
Operating reserves:		
General administration	\$ 336,920,389	\$ 333,472,788
Common services	142,575	142,575
Recreation	519,517	477,332
Urban parks	289,775	289,775
Wood Buffalo Economic Development Corporation	1,929,247	5,290,533
Regional Municipality of Wood Buffalo Library Board	1,188,945	1,095,048
Wood Buffalo Housing & Development Corporation	20,545,267	27,565,349
Regional Recreation Corporation of Wood Buffalo	670,874	755,576
Wood Buffalo Arctic Winter Games Host Society	267,377	3,992,332
Total operations	362,473,966	373,081,308
Capital:		
Surplus - undesignated	39,997,329	80,539,327
Capital reserves:		
General	669,687,241	710,722,184
Equipment	706,327	706,327
Common services	708,599	708,599
Roads and streets	33,604	33,220
Water supply	2,052,107	2,052,107
Sewage	2,317,650	2,317,650
Recreation	6,907,212	6,907,212
Regional Municipality of Wood Buffalo Library Board	760,826	789,278
Wood Buffalo Housing & Development Corporation	14,200,498	13,242,100
Regional Recreation Corporation of Wood Buffalo	91,660	1,769,438
	697,465,724	739,248,115
Equity in tangible capital assets		
Tangible capital assets (Note 13)	5,993,208,121	5,805,541,982
Accumulated amortization (Note 13)	(1,636,158,683)	(1,511,277,494)
Long-term debt (Note 11)	(30,736,660)	(45,676,921)
	4,326,312,778	4,248,587,567
Total capital	5,063,775,831	5,068,375,009
Accumulated surplus	\$ 5,426,249,797	\$ 5,441,456,317

Reserves are a key tool used to set aside funds to replace existing tangible capital assets, respond to emergent needs, stabilize tax rates, and fund future capital projects. Capital reserves are substantially committed to current budgeted capital projects.

Operating and capital reserves related to the Regional Municipality of Wood Buffalo Library Board, Wood Buffalo Housing & Development Corporation, the Regional Recreation Corporation of Wood Buffalo, the Wood Buffalo Economic Development Corporation and the Wood Buffalo Arctic Winter Games Host Society are dedicated for those entities and are not available for general use by the Municipality.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

14. Accumulated surplus (continued)

Changes in accumulated surplus

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022 Restated (Note 27)
Balance, beginning of year	\$ 629,260,193	\$ 563,608,557	\$ 4,248,587,567	\$ 5,441,456,317	\$ 5,433,150,343
Adjustment to accumulated remeasurement loss on adoption of new financial instruments standard (Note 27)	(9,370,365)	-	-	(9,370,365)	-
Annual (deficit) surplus	(8,162,701)	-	-	(8,162,701)	8,305,974
Unrestricted funds designated for future use	(44,613,829)	44,613,829	-	-	-
Restricted funds used for operations	41,613,310	(41,613,310)	-	-	-
Restricted funds used for tangible capital assets	-	(106,799,693)	106,799,693	-	-
Current year funds used for tangible capital assets	(105,550,688)	-	105,550,688	-	-
Disposal of tangible capital assets	6,255,253	-	(6,255,253)	-	-
Annual amortization expense	143,310,178	-	(143,310,178)	-	-
Long term debt repaid	(14,940,261)	-	14,940,261	-	-
Net remeasurement gain	2,326,546	-	-	2,326,546	-
Change in accumulated surplus	10,867,443	(103,799,174)	77,725,211	(15,206,520)	8,305,974
Balance, end of year	\$ 640,127,636	\$ 459,809,383	\$ 4,326,312,778	\$ 5,426,249,797	\$ 5,441,456,317

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

15. Net taxes available for municipal purposes

	Budget	2023	2022
	(Note 23)		
Taxation:			
Real property taxes	\$ 527,559,600	\$ 515,287,512	\$ 541,869,461
Government grants in lieu of property taxes	660,000	657,939	677,271
Special assessments and local improvement taxes	224,000	222,417	225,437
	528,443,600	516,167,868	542,772,169
Requisitions:			
Designated Industrial Properties	3,578,600	3,578,614	3,517,274
Alberta School Foundation Fund	61,154,200	61,154,213	66,909,707
School boards	4,031,400	4,031,376	4,627,834
	68,764,200	68,764,203	75,054,815
Net taxes available for municipal purposes	\$ 459,679,400	\$ 447,403,665	\$ 467,717,354

The Municipality is required to levy taxes under section 353 of the Municipal Government Act towards payment of education requisitions. Tax revenues are recorded net of appeals and allowances for potential losses on assessment appeals.

Education tax revenues are recorded at the amounts levied. Actual taxes levied over/under the amount requisitioned are recorded as an adjustment to taxes and grants in lieu receivable. Budgeted taxation amounts exclude requisitioned amounts collected on behalf of other entities.

16. Government transfers

	Budget	2023	2022
	(Note 23)		
Transfers for Operating:			
Conditional shared cost agreements and grants			
Federal Government	\$ 1,127,187	\$ 712,959	\$ 2,853,281
Provincial Government	21,446,946	18,895,580	36,742,099
Total government transfers for operating	22,574,133	19,608,539	39,595,380
Transfers for Capital:			
Conditional shared cost agreements and grants			
Federal Government	8,200,000	25,429,175	14,559,506
Provincial Government	14,500,000	40,726,973	39,968,299
Total government transfers for capital	22,700,000	66,156,148	54,527,805
Total government transfers	\$ 45,274,133	\$ 85,764,687	\$ 94,123,185

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

16. Government transfers (continued)

In addition to those government transfers relating to deferred revenues, as described in Note 7, the following operating provincial government transfers were received:

Operating government transfers

(a) *Disaster Recovery Program*

Alberta Municipal Affairs through the Alberta Emergency Management Agency provides financial assistance in the event of a disaster to individuals, small businesses, not-for-profit organizations, municipalities and government departments through the Disaster Recovery program. The Municipality is approved for assistance through the Disaster Recovery Program for the 2016 wildfire event (Note 25a) and the 2020 river break-up event (note 25b). During 2023, the Municipality received \$26,268,000 (2022 - \$11,378,129), recognized as a reduction in operating government transfers \$2,351,194 (2022 - \$14,078,821), and recognized as receivable \$8,855,232 (2022 - \$34,835,688).

(b) *Emergency Medical Services Contract*

Alberta Health Services provides the Emergency Medical Services Ground Ambulance contract which provides assistance to partially offset the cost of providing 24/7 emergency medical services to the Municipality's citizens. During 2023, the Municipality received and recognized \$8,069,468 (2022 - \$7,178,054).

(c) *Alberta Municipal Affairs - Public Library Operating Grant*

The Municipality receives a per capita operating grant from the Province of Alberta through Alberta Municipal Affairs to support the operation of library services. In 2023, the Municipality received and recognized as operating government transfers \$741,940 (2022 - \$706,610).

(d) *Sport Canada Hosting Program*

The Government of Canada, through the Department of Canadian Heritage, provides funding to assist organizations to host international sport events in Canada. The Municipality was approved for assistance in hosting the 2023 Arctic Winter Games. In 2023, the Municipality received \$297,500 (2022 - \$2,155,000), recognized as operating government transfers \$92,182 (2022 - \$2,360,318) and as receivable \$nil (2022 - \$205,318).

(e) *Low Income Transit Program (LITP)*

The Province of Alberta provides the Low-Income Transit Pass (LITP) program to support affordable transit. In 2023, the RMWB received \$254,037 (2022 - \$nil) in order to successfully roll out the LITP offered to residents living within the area.

Capital government transfers

(f) *Investing in Canada Infrastructure Program*

The Government of Canada, through the Investing in Canada Infrastructure Program, provides funding to help communities achieve long-term economic growth, support resilience to climate change and improve social inclusivity. During 2023, the Municipality received \$3,160,150 (2022 - \$4,184,457).

(g) *Airports Capital Assistance Program*

The Municipality entered into an agreement with Transport Canada in 2021 as part of their Airports Capital Assistance Program. This program was designed to provide funding for the rehabilitation of local and regional airports and aerodromes. In 2023, the Municipality received \$8,403,591 (2022 - \$nil).

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

17. Expenses by object

	Budget (Note 23)	2023	2022 Restated (Note 27)
Salaries, wages and benefits	\$ 278,235,434	\$ 288,729,996	\$ 265,708,691
Contracted and general services	124,987,901	137,908,410	155,380,319
Purchases from other governments	32,095,366	38,717,805	27,613,482
Materials, goods, supplies and utilities	57,958,854	53,832,446	52,327,671
Provision for allowances	4,986,400	6,780,047	4,550,461
Transfers to local boards and agencies	-	-	525,555
Transfers to individuals and organizations	14,913,992	24,937,450	24,575,098
Bank charges and short-term interest	572,360	568,828	505,316
Interest on long-term debt	912,093	673,309	1,418,359
Other	21,860	63,493	862,208
Amortization of tangible capital assets	-	143,310,178	138,288,343
Loss on disposal of tangible capital assets	-	5,203,382	9,191,508
Write down of tangible capital assets	-	-	7,152,787
Total expenses	\$ 514,684,260	\$ 700,725,344	\$ 688,099,798

18. Contractual rights

The Municipality has entered into lease agreements to lease land and building space to other parties until 2032 assuming no default on payments by the counterparty. The annual lease receipts in each of the following years are:

2024	\$ 1,576,979
2025	1,227,788
2026	1,014,138
2027	902,918
2028	630,581
Thereafter	735,820
	\$ 6,088,224

19. Commitments and contingent liabilities

(a) Borrowing facilities (line of credit)

Pursuant to section 256 of the Municipal Government Act and Municipal Bylaw 16/019, the Municipality is authorized to borrow from the Municipality's financial institution, on a revolving basis, up to \$50,000,000 for the purpose of meeting current operating expenditures and obligations of the Municipality when required. At December 31, 2023, the Municipality has an authorized line of credit available from its bank in the amount of \$25,000,000 (2022 - \$50,000,000). At year end, no amounts were drawn against its available line of credit.

Two of the Municipality's controlled entities entered into banking agreements that include a revolving demand credit facility available in the amount of \$1,000,000 (2022 - \$1,000,000) and \$9,000,000 (2022 - \$9,000,000) which bear interest at prime minus 0.5% and prime plus 3.0% respectively. At December 31, 2023, no amounts were drawn against these facilities (2022 - \$nil). In addition, one of the Municipality's controlled entities has access to a \$300,000 (2022 - \$300,000) Visa business facility which is drawn upon from time to time, with their accounts receivable pledged as security on this facility.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

19. Commitments and contingent liabilities (continued)

(b) *Development agreements*

Developers have entered into agreements with the Municipality in the amount of approximately \$15,000,000 (2022 - \$15,000,000) and are committed to installing and constructing certain works to serve the development of lands within the Municipality. The Municipality has taken security from developers in the form of deposit liabilities in the amount of \$6,984,860 (2022 - \$6,325,897) and letters of credit in the amount of \$6,322,196 (2022 - \$7,217,426) to ensure performance by the developers under the agreements.

(c) *Contingent liabilities*

The Municipality identified one contaminated site where the costs are expected to be paid by a third party. This site in Abasand is a former oil sands site and contaminants in soil and groundwater have been found to exceed environmental standards. The undiscounted expected expenditures to reclaim this site have been estimated at \$2,000,000. The Municipality has assessed that it is not responsible to remediate the contamination and therefore has not recorded a liability.

Certain companies operating in the Wood Buffalo area have appealed to the Land and Property Rights Tribunal regarding their Designated Industrial Property assessments performed by the Provincial Assessor of the Province of Alberta. The Municipality, as the relevant taxation authority, has collected property taxes based on these assessments. Subsequent to year end, the Land and Property Rights Tribunal issued an interim decision and direction to the relevant parties for a portion of the years under appeal for one of the companies. This decision provides guidance to the company in question and the Provincial Assessor to pursue further discussions to determine any adjustments to the assessments. Based on this the Municipality has determined that there is a likely liability to refund property taxes and an estimated amount has been included as a provision in accounts payable and accrued liabilities. For the remaining companies and years, the Municipality has not been able to determine the likelihood of a liability arising. The extent of potential refunds has not been disclosed as this may have an adverse effect on the outcome.

The Municipality is a defendant in various lawsuits as at December 31, 2023. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of loss can be reasonably estimated, amounts have been included in accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded. Any losses arising from these actions will be recorded in the year in which the related litigation is settled. The extent of potential liabilities has not been disclosed as they may have an adverse effect on the outcome.

The Province of Alberta has provided the Municipality with financial support to purchase and remove properties from a flood hazard area, through a conditional grant agreement. The Municipality has agreed to ensure that the future use of acquired lands will not involve or permit any residential or commercial uses, or any uses that include the development of structures or infrastructure. If this condition is not met, the Municipality may be required to repay up to \$11,000,000.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

20. Salary and benefits disclosure

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

	Salary (a)	Benefits and Allowances (b,c)	Total 2023	Total 2022
Mayor Bowman	\$ 165,790	\$ 39,144	\$ 204,934	\$ 203,758
Ward 1				
Councillor Ball	46,200	81,311	127,511	62,875
Councillor Banjoko	43,357	15,408	58,765	61,091
Councillor Bussieres	46,200	15,845	62,045	61,115
Councillor Dogar	46,200	17,609	63,809	62,875
Councillor Grandison	46,200	17,690	63,890	64,777
Councillor McGrath	46,200	13,914	60,114	59,188
Ward 2				
Councillor Cardinal	46,200	17,609	63,809	62,875
Councillor Waquan	46,200	13,914	60,114	59,188
Ward 3				
Councillor Wigle	46,200	19,516	65,716	64,302
Ward 4				
Councillor Stroud	46,200	8,735	54,935	54,631
Chief Administrative Officer				
Current	57,538	18,677	76,215	-
Former	665,696	56,436	722,132	501,131
Designated Officers (d)	959,886	229,241	1,189,127	1,149,547
	\$ 2,308,067	\$ 565,049	\$ 2,873,116	\$ 2,467,353

- (a) Salaries are disclosed as gross wages paid.
- (b) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan, Employment Insurance, health care, dental coverage, vision coverage, group life insurance, long and short-term disability plans, accidental disability and dismemberment insurance, professional memberships and tuition.
- (c) Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including the home equity protection program, special leave with pay, honorarium, car, travel and technology allowances.
- (d) The Municipality's four designated officers are the Chief Financial Officer, Chief Legislative Officer, Director of Planning and Development, and Senior Manager of Assessment and Taxation.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

21. Segment disclosures

The Municipality provides a wide range of services to its ratepayers. Segment disclosures are intended to enable users to better understand the government reporting entity and the major expense and revenue activities of the Municipality. For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The segments have been selected based on a presentation similar to that adopted for the municipal financial planning and budget processes. Segments include:

- (a) **Fiscal Services** provides financial and purchasing services for the Municipality.
- (b) **General Government** consists of corporate administration and general municipal services for the Municipality.
- (c) **Protective Service** is comprised of police, traffic safety, bylaw enforcement, fire rescue and ambulance services.
- (d) **Transportation** includes bus, roadway and parking services.
- (e) **Environmental Use and Protection** delivers services consisting of collection, processing and disposal of residential and non-residential waste and recyclables, underground services, water and wastewater treatment, as well as community relation services in support of waste management programs.
- (f) **Public Health and Welfare** provides family and community support services along with cemeteries.
- (g) **Planning and Development** is comprised of the Community Development Planning branch, the Comprehensive Planning branch and the Safety Codes branch.
- (h) **Recreation and Culture** develops initiatives to provide opportunities and support in the areas of arts heritage and culture, and in recreation, sport and leisure.
- (i) **Subsidiary Entities** include Wood Buffalo Housing & Development Corporation, Regional Recreation Corporation of Wood Buffalo, Regional Municipality of Wood Buffalo Library Board, Wood Buffalo Economic Development Corporation and Wood Buffalo Arctic Winter Games Host Society.

The accounting policies used in the segment disclosures are consistent with those followed in the preparation of the consolidated financial statements (Note 1).

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

21. Segment disclosures (continued)

2023										
	Fiscal Services	General Government	Protective Service	Transportation	Environmental Use and Protection	Public Health and Welfare	Planning and Development	Recreation and Culture	Subsidiary Entities	2023 Total
Revenue:										
Net taxes available for municipal purposes	\$ 446,299,361	\$ -	\$ -	\$ -	\$ 47,495	\$ 174,921	\$ -	\$ -	\$ 881,888	\$ 447,403,665
Government transfers - operating and capital	-	660,394	7,341,248	43,405,286	21,133,868	2,945,159	-	132,909	10,145,823	85,764,687
Sales and user charges	-	389,358	1,810,270	1,831,188	50,775,040	61,969	31,600	107,055	13,456,199	68,462,679
Sales to other governments	-	386,981	207,628	-	3,455,132	-	-	-	-	4,049,741
Penalties and costs on taxes	5,997,785	52,008	-	-	231,562	-	-	-	-	6,281,355
Licenses and permits	-	353,016	197,968	319,362	-	-	1,308,487	90	-	2,178,923
Fines	-	1,627	3,178,913	-	-	-	-	-	-	3,180,540
Franchise and concession contracts	-	8,534,636	-	-	-	-	-	-	-	8,534,636
Returns on investments	-	29,166,312	-	384	-	2,692	-	25,679	2,246,994	31,442,061
Rentals	-	342,674	908,380	840	-	-	5,355	12,682	20,234,994	21,504,925
Other	-	6,185,764	2,860,904	308,618	240,857	1,686	790	171,048	3,989,764	13,759,431
	452,297,146	46,072,770	16,505,311	45,913,173	76,011,380	3,011,506	1,346,232	449,463	50,955,662	692,562,643
Expenses:										
Salaries, wages and benefits	-	72,293,008	62,583,658	44,882,422	44,162,753	2,727,870	10,623,689	17,276,895	34,179,701	288,729,996
Contracted and general services	-	41,467,038	7,285,245	23,771,123	25,105,617	2,076,270	2,769,200	9,827,441	25,606,458	137,908,392
Purchases from other governments	-	30,386	38,451,101	223,212	-	-	13,124	-	-	38,717,823
Materials, goods, supplies and utilities	-	12,235,422	2,346,581	13,699,196	8,093,069	271,228	22,499	2,121,589	15,042,862	53,832,446
Provision for (recoveries of) allowances	6,034,118	(11,162)	721,542	-	27,324	-	-	-	8,225	6,780,047
Transfers to (from) individuals & organizations	-	4,088,799	7,663,582	-	-	42,313,652	530,787	977,817	(30,637,187)	24,937,450
Bank charges and short-term interest	-	232,393	12,013	-	44,459	-	34,908	3,175	241,880	568,828
Interest on long-term debt	-	-	-	-	-	-	-	-	673,309	673,309
Other	-	62,336	-	-	690	-	-	-	63,493	63,493
Loss on disposal of tangible capital assets	-	(481,222)	-	-	2,853,455	594,950	-	(115,050)	2,351,249	5,203,382
	6,034,118	129,916,998	119,063,722	85,430,098	78,028,639	47,389,020	13,994,207	30,091,867	47,466,497	557,415,166
Annual surplus (deficit), before amortization	446,263,028	(83,844,228)	(102,558,411)	(39,516,925)	(2,017,259)	(44,377,514)	(12,647,975)	(29,642,404)	3,489,165	135,147,477
Amortization of tangible capital assets	-	7,442,641	4,828,665	50,598,714	47,451,548	-	-	25,628,396	7,360,214	143,310,178
Annual surplus (deficit)	\$ 446,263,028	\$ (91,286,869)	\$ (107,387,076)	\$ (90,115,639)	\$ (49,468,807)	\$ (44,377,514)	\$ (12,647,975)	\$ (55,270,800)	\$ (3,871,049)	\$ (8,162,701)

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

21. Segment disclosures (continued)

2022 (Restated - Note 27)										
	Fiscal Services	General Government	Protective Service	Transportation	Environmental Use and Protection	Public Health and Welfare	Planning and Development	Recreation and Culture	Subsidiary Entities	2022 Total (Restated - Note 27)
Revenue:										
Net taxes available for municipal purposes	\$ 466,521,248	\$ -	\$ -	\$ 38,417	\$ 168,234	\$ -	\$ -	\$ -	\$ 989,455	\$ 467,717,354
Government transfers - operating and capital	-	4,179,362	25,117,247	26,618,396	22,102,495	2,508,173	-	3,853,911	9,743,601	94,123,185
Sales and user charges	-	271,257	1,751,641	1,327,049	45,013,938	53,739	247,123	122,415	11,569,582	60,356,744
Sales to other governments	-	354,365	234,242	-	3,471,659	-	-	-	-	4,060,266
Penalties and costs on taxes	5,247,365	32,722	-	-	197,551	-	-	-	-	5,477,638
Licenses and permits	-	244,420	186,715	445,879	-	-	1,166,466	-	35	2,043,515
Fines	-	-	2,891,434	-	-	-	-	-	-	2,891,434
Franchise and concession contracts	-	9,112,676	-	-	-	-	-	-	-	9,112,676
Returns on investments	-	21,410,583	-	132	-	1,034	-	17,373	1,153,614	22,582,736
Rentals	-	288,741	895,400	-	-	-	13,929	37,947	18,069,594	19,305,611
Other	264	2,839,833	2,096,970	331,226	326,355	780	9,231	115,533	3,014,421	8,734,613
	471,768,877	38,733,959	33,173,649	28,761,099	71,280,232	2,563,726	1,436,749	4,147,214	44,540,267	696,405,772
Expenses:										
Salaries, wages and benefits	-	66,533,967	57,247,250	42,606,291	39,376,703	2,419,475	9,561,975	15,004,800	32,958,230	265,708,691
Contracted and general services	-	51,669,649	16,179,252	20,339,999	34,064,688	233,242	3,250,792	9,640,427	20,002,270	155,380,319
Purchases from other governments	-	26,807	27,138,919	442,662	-	-	5,094	-	-	27,613,482
Materials, goods, supplies and utilities	-	14,084,041	1,758,352	14,217,946	6,968,961	202,380	11,655	1,691,026	13,393,310	52,327,671
Provision for (recoveries of) allowances	4,508,992	(311,111)	209,671	-	112,909	-	-	-	30,000	4,550,461
Transfers to local boards and agencies	-	-	-	-	-	-	-	525,555	-	525,555
Transfers to (from) individuals & organizations	-	6,892,253	120,660	-	-	37,307,191	29,000	8,694,498	(28,468,504)	24,575,098
Bank charges and short-term interest	-	195,127	8,846	-	44,232	-	37,015	909	219,187	505,316
Interest on long-term debt	-	-	-	-	-	-	-	-	1,418,359	1,418,359
Other	-	859,508	-	1,700	1,000	-	-	-	-	862,208
Loss on disposal of tangible capital assets	-	-	-	2,889,394	5,419,911	-	-	-	-	9,191,508
Write-down of tangible capital assets	-	7,152,787	-	-	-	-	-	-	-	7,152,787
	4,508,992	147,103,028	102,662,950	80,497,992	85,988,404	40,162,288	12,895,531	35,557,215	40,435,055	549,811,455
Annual surplus (deficit), before amortization	467,259,885	(108,369,069)	(69,489,301)	(51,736,893)	(14,708,172)	(37,598,562)	(11,458,782)	(31,410,001)	4,105,212	146,584,317
Amortization of tangible capital assets	-	-	5,045,063	49,158,499	45,109,793	-	-	25,289,374	7,178,215	138,288,343
Annual surplus (deficit)	\$ 467,259,885	\$ (114,876,466)	\$ (74,534,364)	\$ (100,895,392)	\$ (59,817,965)	\$ (37,598,562)	\$ (11,458,782)	\$ (56,699,375)	\$ (3,073,003)	\$ 8,305,974

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

22. Sales and user charges by segment

	Budget	2023	2022
	(Note 23)		
Council and other legislative	\$ 15,000	\$ 6,515	\$ 4,550
General administration	1,020,900	306,032	172,761
Other general government	212,000	76,811	93,946
Police	1,650,000	284,041	231,060
Fire	272,400	23,011	22,878
Ambulance and first aid	1,450,000	1,486,156	1,486,563
Bylaw enforcement	55,200	17,062	11,140
Common and equipment pool	24,000	10,825	48,484
Roads, streets, walks, lighting	145,200	183,699	194,226
Public transport	1,067,000	1,636,664	1,084,339
Water supply and distribution	18,937,748	22,219,146	19,599,425
Wastewater treatment and disposal	12,463,860	14,082,639	13,139,969
Waste management	12,087,914	13,318,912	12,274,544
Cemeteries and crematoriums	20,000	61,969	53,739
Land use planning, zoning and development	35,000	31,600	80,744
Parks and recreation	16,340,889	14,682,916	11,842,937
Culture: Libraries, museums, halls	44,350	34,681	15,439
Total sales and user charges	\$ 65,841,461	\$ 68,462,679	\$ 60,356,744

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

23. Budget data

The budget data presented in these consolidated financial statements is based upon the 2023 operating and capital budgets approved by Council.

Amortization was not contemplated on development of the budget and, as such, has not been included. The table below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget Amount
Revenue:	
Operating budget	\$ 568,857,440
Capital budget	135,795,150
Subsidiaries' budget	47,040,616
Less:	
Transfers from other funds	112,246,150
Total revenue	639,447,056
Expenses:	
Operating budget	568,857,440
Capital budget	135,795,150
Subsidiaries' budget	50,967,710
Less:	
Transfers to other funds	105,140,890
Capital expenditures	135,795,150
Total expenses	514,684,260
Annual surplus	\$ 124,762,796

24. Financial instruments

The Municipality's financial instruments consist of cash and cash equivalents, restricted cash, taxes and grants in lieu receivable, trade and other receivables, portfolio investments, mortgages and notes receivable, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. The Municipality is exposed to certain financial risks, including credit risk, liquidity risk, and market risk as detailed below.

Credit risk

Credit risk is the risk of financial loss to the Municipality if a party to a financial instrument fails to meet its obligation and arises primarily from the Municipality's cash and cash equivalents, portfolio investments, taxes and grants in lieu receivable, trade and other receivables, portfolio investments, and mortgages and notes receivable. The maximum amount of credit risk exposure is equal to the carrying value of the balances recorded in these financial statements.

The Municipality manages its exposure to credit risk on cash and cash equivalents by placing these across Canadian chartered banks. The majority of portfolio investments consist of debt securities with credit ratings considered to be investment grade.

With respect to accounts receivable and mortgages and notes receivable, the Municipality monitors the credit risk of customers on a regular basis. Aged receivable balances are monitored and an allowance for doubtful accounts is provided in the period in which losses are estimated. Balances are considered doubtful based on aging or if there is indication that a customer may default. The Municipality holds an annual property tax sale to recover certain unpaid property taxes receivable.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

24. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they become due. The Municipality reduces its liquidity risk by monitoring cash flows and by managing portfolio investments across varying maturity dates.

Market risk

Market risk comprises or currency risk and interest rate risk.

Cash and cash equivalents includes \$135,923 (2022 - \$117,828) of foreign currency. Should foreign exchange rates increase or decrease by 10%, remeasurement gains or losses would increase by approximately \$14,000.

Portfolio investments with a carrying value of \$1,121,130,359 (2022 - \$1,003,334,990) are affected by interest rate fluctuations. Should the interest rate increase or decrease by 1%, a combination of annual return on investments and remeasurement gains and losses may fluctuate by approximately \$11,200,000.

25. Natural Disaster Events

a) Fire Event

On May 1, 2016, a wildfire began southwest of Fort McMurray, in the Regional Municipality of Wood Buffalo.

Impact on Financial Results

Costs incurred as a result of response or recovery efforts are capitalized or expensed in accordance with the accounting policies in Note 1. Only costs that represent a betterment, enhancement or new asset are capitalized, with repairs and maintenance being expensed.

The Municipality holds various insurance policies with multiple insurance providers which have been and will be used to fund a portion of the response and recovery efforts. The Municipality has received \$45,920,250 from insurance providers since 2016 relating to municipal assets and equipment destroyed or damaged by the wildfire.

The Municipality applied and was approved for relief under the Province of Alberta's Alberta Emergency Agency's Disaster Recovery Assistance program (DRP). Advances totalling \$232,951,180 have been received from DRP since 2016 to assist in paying for financial commitments resulting from expenses incurred during and after the wildfire. The DRP recovery efforts were completed in 2023. A reduction in government transfers for operating of \$3,471,318 was recognized in 2023 to reflect over-estimated government transfers up to December 31, 2022.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

25. Natural Disaster Events (continued)

a) Fire Event (continued)

The following amounts are recorded in the statement of financial position and statement of operations related to the wildfire of 2016:

	2023	2022
Financial assets		
Trade and other receivables	\$ -	\$ 26,268,000
		- 26,268,000
Net financial assets	-	26,268,000
Revenue:		
Government transfers for operating	(3,471,318)	12,699,670
Expenses (general government):		
Salaries, wages and benefits	125,773	89,496
Contracted and general services	42,850	768,066
	168,623	857,562
Annual (deficit) surplus	\$ (3,639,941)	\$ 11,842,108

b) Flood Event

On April 26, 2020, the Municipality experienced a major flood event.

Impact on Financial Results

Costs incurred as a result of response or recovery efforts are capitalized or expensed in accordance with the accounting policies in Note 1. Only costs that represent a betterment, enhancement or new asset are capitalized, with repairs and maintenance being expensed.

The Municipality holds various insurance policies with multiple insurance providers which have been and will be used to fund a portion of the response and recovery efforts. The Municipality has received \$8,484,581 from insurance providers since 2020 relating to municipal assets and equipment destroyed or damaged by the flood.

The Municipality applied and was approved for relief under the Province of Alberta's Alberta Emergency Agency's Disaster Recovery Assistance program (DRP). Advances totalling \$20,000,000 have been received from DRP to assist in paying for financial commitments resulting from expenses incurred during and after the flood. The DRP recovery efforts are forecast to be finished by 2024.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

25. Natural Disaster Events (continued)

b) Flood Event (continued)

The following amounts are recorded in the statement of financial position and statement of operations related to the 2020 flood event:

	2023	2022
Financial assets		
Trade and other receivables	\$ 8,855,232	\$ 8,567,688
Inventories held for resale	999,017	999,017
Net financial assets	\$ 9,854,249	\$ 9,566,705
	2023	2022
Revenue:		
Government transfers for operating	\$ 1,120,124	\$ 1,379,151
Other	881,074	-
	2,001,198	1,379,151
Expenses (disaster and emergency measures):		
Contracted and general services	1,111,995	337,015
Materials, goods, supplies and utilities	-	773,953
Transfers to individuals and organizations	7,500,728	5,927,071
	8,612,723	7,038,039
Annual Deficit	\$ (6,611,525)	\$ (5,658,888)

Costs incurred to acquire tangible capital assets that protect the Municipality against potential flood events during future years are included in Note 13.

Measurement Uncertainty

The impact of natural disaster events are subject to a high degree of estimation and judgement, particularly as they relate to the estimation of future expenditures and impairment of assets. The Municipality has used the best information at the time in all measurements and estimations related to natural disaster events. Those estimates may not materialize and the final results and adjustments to these estimates will be reflected in future financial statements.

26. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

27. Change in Accounting Policies

Effective January 1, 2023, the Municipality adopted the following Public Sector Accounting Standards:

(a) *PS 3450 Financial Instruments*

Adoption of this new standard also required the adoption of *PS 2601 Foreign Currency Translation*, *PS 1201 Financial Statement Presentation*, and *PS 3041 Portfolio Investments*.

On the effective date, the Municipality recognized the following to conform with the new standards:

- Portfolio investments consisting of bonds with embedded derivatives, previously measured at amortized cost, were assigned a measurement category of fair value, based on quoted prices in an active market. An adjustment of \$9,370,365 representing the accumulated remeasurement loss as at January 1, 2023 was recorded to the statement of remeasurement gains and losses.
- Unrealized differences between amortized cost and fair value of portfolio investments assigned to the fair value measurement category are reported as remeasurement gains or losses in the statement of remeasurement gains and losses.
- Upon derecognition of a portfolio investment, its accumulated remeasurement gains and losses are reclassified to the statement of operations.
- Recognition, derecognition and measurement policies of periods prior to the effective date have not been applied and therefore, financial statements of prior periods and comparative information have not been restated.

(b) *PS 3280 Asset Retirement Obligations*

On the effective date, the Municipality recognized the following to conform with the new standard:

- Asset retirement obligations, which now also includes the previously reported provision for landfill closure and post-closure obligation;
- Asset retirement cost is capitalized as an increase to the carrying amount of the related tangible capital asset;
- Accumulated amortization on the capitalized cost; and
- Adjustment to the opening balance of the accumulated surplus.

Amounts are measured using information, assumptions, and discount rates applicable on the effective date of the standard. Accumulated amortization is measured for the period from the date the liability would have been recognized had the provisions of this standard been in effect to the effective date that this standard is first applied.

The adoption of this standard has been applied on a modified retroactive basis with restatement of prior period comparative amounts.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023

27. Change in Accounting Policies (continued)

Impact on the prior year's financial statements as a result of the adoption of PS 3280 are as follows:

	2022		
	As previously Reported	Adjustment Recognized	As Restated
Consolidated of Financial Position			
Asset retirement obligation	\$ 21,361,728	\$ 7,246,723	\$ 28,608,451
Net financial assets	1,145,216,585	(7,246,723)	1,137,969,862
Tangible capital assets	4,290,256,760	4,007,728	4,294,264,488
Non-financial assets	4,299,478,727	4,007,728	4,303,486,455
Accumulated surplus	\$ 5,444,695,312	\$ (3,238,995)	\$ 5,441,456,317
Consolidated Statement of Operations and Accumulated Surplus			
General administration expense	\$ 102,029,940	\$ 46,365	\$ 102,076,305
Fire expense	37,647,826	139,096	37,786,922
Water supply and distribution expense	67,291,284	92,730	67,384,014
Parks and recreation expense	91,706,421	185,461	91,891,882
Total expenses	687,636,146	463,652	688,099,798
Annual surplus	8,769,626	(463,652)	8,305,974
Accumulated surplus, beginning of year	5,435,925,686	(2,775,343)	5,433,150,343
Accumulated surplus, end of year	\$ 5,444,695,312	\$ (3,238,995)	\$ 5,441,456,317
Consolidated Statement of Change in Net Financial Assets			
Amortization of tangible capital assets	137,899,993	388,350	138,288,343
Net financial assets, beginning of year	1,078,106,416	(7,171,421)	1,070,934,995
Net financial assets, end of year	\$ 1,145,216,585	\$ (7,246,723)	\$ 1,137,969,862

28. Approval of financial statements

These financial statements were presented and approved by Council on April 23, 2024.