



AGENDA

Municipal District #124 Regular Council
Wednesday, April 12, 2023 - 10:00 AM - MD Council Chambers

Page

CALL TO ORDER

ANNOUNCEMENTS / OPENING REMARKS

ADOPTION OF THE AGENDA

- 3.1 April 12th, 2023, Regular Council Meeting Agenda

Proposed Motion: Move to accept the April 12th, 2023, Regular Council Meeting Agenda as presented.

ADOPTION OF MINUTES

- 4.1 April 6th, 2023, Special Meeting of Council Minutes

3 - 5

Proposed Motion: Move to adopt the April 6th, 2023, Special Meeting of Council Minutes as presented.

[04062023 - DRAFT MINUTES - Special Council](#)

ACCEPTANCE OF MINUTES FOR INFORMATION

DELEGATIONS

- 6.1 Neil O'Shea, Superintendent
Aspen View Schools Division

11:30 - 1:00

Proposed Motion: Move to accept Neil O'Shea's presentation as information.

- 6.2 Jeff Alliston, CPA, CA / Partner
Metrix Group

6 - 83

- Municipal District of Lesser Slave River Audit at 1:00 p.m.

Proposed Motion: Move to accept Municipal District of Lesser Slave River Audit as presented.

[MDLSR - 2022 Council Presentation](#)

[MDLSR - 2022 Financial Statements - DRAFT#3](#)

[MDLSR - Audit Findings Report](#)

REQUESTS FOR DECISION

Proposed Motion: Move to proceed with building and installing an accessible ramp on the Smith Community Library with the total costs not exceeding \$5,000.00. Further, provide the Smith Community Library Association with two loads of black dirt to be used for landscaping at the Smith Community Library.

[20230412 - RFD Smith Community Library Accessibility Bridging Communities](#)

NEW BUSINESS

CONFIDENTIAL ITEMS - CLOSED SESSION

9.1 2023 Capital Budget update

Closed Session as per Section 25 of the FOIP Act

Proposed Motion: Move to go into Closed Session at _____ a.m./p.m.

Proposed Motion: Move to return to Open Session at _____ a.m./p.m.

ADJOURNMENT

MINUTES
Special Meeting of Council
Municipal District of Lesser Slave River No. 124
April 6th, 2023
Council Chambers

MEMBERS PRESENT Murray Kerik - Reeve
Darren Fulmore - Division 1
Sandra Melzer - Division 1
Brad Pearson - Division 2
Nancy Sand - Division 1 (Absent)
Norm Seatter - Division 2
Lana Spencer - Deputy Reeve, Division 2 (Absent)

IN ATTENDANCE Barry Kolenosky - CAO, MD LSR
Shari Spencer - Transportation Coordinator, MD LSR
Jenny Tu - Director Finance, MD LSR
Myles Brown - Alberta Environment and Protected Areas
Troy Birtles - Accurate Assessment Group
Ray Fortin - Accurate Assessment Group
Sean Barrett - Accurate Assessment Group
Kris Meadows - Accurate Assessment Group

Marilyn Gladue - Recording Secretary, MD LSR

Note: This Special Meeting of Council was called in accordance with Section 194(5) of the Municipal Government Act.

CALL TO ORDER Reeve Kerik called the meeting to order at 10:01 a.m.

ADOPTION OF AGENDA April 6th 2023, Special Meeting of Council Agenda

MOTION 115-23
Moved by Councillor Fulmore to adopt the April 6th, 2023, Special Meeting of Council Agenda as amended:

- Add Closed Session items
- o Resident letter
 - o Budget discussion

CARRIED

ADOPTION OF MINUTES March 29th, 2023, Regular Council Meeting Minutes

MOTION 116-23
Moved by Councillor Melzer to adopt the March 29th, 2023, Regular Council Meeting Minutes as presented.

CARRIED

REQUEST FOR DECISION Inspector Appointments

MOTION 117-23
Moved by Councillor Pearson to appoint Crystal Pearson, Sydney Rhodes, and Sandra Rendle as municipal inspectors for the MD of Lesser Slave River, under the Weed Control Act W-5.1 and the Agricultural Pests Act A-8, Effective May 2nd, 2023.

CARRIED

MINUTES
Municipal District of Lesser Slave River No. 124 – Regular Meeting of Council
April 6th, 2022

CLOSED SESSION

MOTION 118-23

Moved by Councillor Melzer to to into Closed Session at 10:05 a.m. as per the following Sections of the FOIP Act with CAO Kolenosky and Recording Secretary Gladue in attendance:

- Section 17 – Disclosure harmful to personal privacy
- Section 21 – Disclosure harmful to intergovernmental relations
- Section 25 – Disclosure harmful to economic and other interests of a public body

CARRIED

Resident Letter

Budget Discussion

MOTION 119-23

Moved by Councillor Fulmore to return to Open Session at 10:14 a.m.

CARRIED

MOTION 120-23

Moved by Councillor Pearson to direct Administration to provide a written letter of acknowledgment back to Resident.

CARRIED

DELEGATION

Myles Brown, P. Biol, Senior Fisheries Biologist, Alberta Environment and Protected Areas

MOTION 121-23

Moved by Councillor Melzer to accept Myles Brown, P. Biol, presentation as information.

CARRIED

Councillor Melzer exited at 11:00 a.m.
 Councillor Melzer returned at 11:02
 Councillor Seatter exited at 11:07 a.m.
 Councillor Seater returned at 11:09 a.m.
 Reeve Kerik exited at 11:12 a.m.
 Reeve Kerik returned at 11:14 a.m.
 Councillor Seatter exited at 11:47 a.m.
 Councillor Seatter returned at 11:49 a.m.

ITEM FOR DISCUSSION

2023 CAPITAL BUDGET

Recess 12:10 p.m.
Reconvene 12:44 p.m.

ITEM FOR DISCUSSION

2023 CAPITAL BUDGET continued

DELEGATION

Troy Birtles, Ray Fortin, Sean Barrett, Kris Meadows of Accurate Assessment Group

MOTION 122-23

Moved by Councillor Melzer to accept the Accurate Assessment Group presentation as information.

CARRIED

Recess 2:13 p.m.
Reconvene 2:20 p.m.

MINUTES
Municipal District of Lesser Slave River No. 124 – Regular Meeting of Council
April 6th, 2022

ITEM FOR DISCUSSION

2023 CAPITAL BUDGET continued

MOTION 123-23

Moved by Councillor Pearson to accept the 2023 Capital Budget as information and bring back to April 12th, 2023 Regular Meeting of Council.

CARRIED

Reeve Kerik exited at 3:05 p.m.
Reeve Kerik returned at 3:07 p.m.
Councillor Melzer exited at 3:08 p.m.
Councillor Melzer returned at 3:09 p.m.

ADJOURNMENT

MOTION 124-23

Moved by Councillor Seatter to adjourn at 3:29 p.m.

CARRIED

Chief Administrative Officer

Reeve

MUNICIPAL DISTRICT OF LESSER SLAVE RIVER NO. 124

2022 PRESENTATION TO COUNCIL



METRIX GROUP LLP

CHARTERED PROFESSIONAL
ACCOUNTANTS

**Jeff Alliston, CPA, CA
Partner**

AUDIT OVERVIEW

- ❑ **ENHANCE DEGREE OF CONFIDENCE OF INTENDED USERS**
- ❑ **ACHIEVED BY AUDITOR EXPRESSING OPINION**
- ❑ **WHETHER FS PRESENT FAIRLY, IN ALL MATERIAL RESPECTS**
 - **WHETHER DUE TO FRAUD OR ERROR**
- ❑ **AUDITOR SEEKING REASONABLE ASSURANCE**
 - **HIGH LEVEL OF ASSURANCE**
 - **NOT ABSOLUTE ASSURANCE**
 - **MOST EVIDENCE PERSUASIVE NOT CONCLUSIVE**
- ❑ **AUDITOR EXERCISES PROFESSIONAL JUDGEMENT**
- ❑ **AUDITOR MAINTAINS PROFESSIONAL SKEPTICISM**
 - **QUESTIONING MIND**
 - **ALERT TO CONDITIONS WHICH MAY INDICATE POSSIBLE MISSTATEMENT**
 - **CRITICAL ASSESSMENT OF AUDIT EVIDENCE**

INDEPENDENT AUDITORS' REPORT

- **OUR OPINION**
 - **PRESENT FAIRLY IN ALL MATERIAL RESPECTS**
- **BASIS FOR OPINION**
 - **IN ACCORDANCE WITH CANADIAN GAAS**
- **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE**
 - **PREPARATION AND FAIR PRESENTATION**
 - **IN ACCORDANCE WITH CANADIAN PSAS**
 - **RESPONSIBLE FOR ASSESSING ABILITY TO CONTINUE AS A GOING CONCERN**
- **AUDITORS' RESPONSIBILITIES FOR THE AUDIT**
 - **OBTAIN REASONABLE ASSURANCE**
 - **ARE FREE FROM MATERIAL MISSTATEMENT**
 - **PROCEDURES DEPEND ON AUDITORS' JUDGEMENT**
 - **CONSIDER RELEVANT INTERNAL CONTROLS**
 - **EVALUATE ACCOUNTING POLICIES / ESTIMATES**

STATEMENT OF FINANCIAL POSITION

	<u>2022</u>	<u>2021</u>
FINANCIAL ASSETS		
Cash and temporary investments	\$ 9,342,495	\$ 12,489,388
Receivables		
Taxes and grants in lieu of taxes	235,799	268,930
Trade and other receivables	2,022,937	2,195,467
Other long-term receivables	487,183	576,699
Debt charges recoverable	1,250,257	1,509,594
Investments	22,593,700	19,963,771
	A <u>35,932,371</u>	<u>37,003,849</u>
LIABILITIES		
Accounts payable and accrued liabilities	3,252,342	3,975,919
Deposit liabilities	329,447	314,529
Deferred revenue	2,874,815	1,654,635
Employee benefit obligations	72,707	172,671
Liability for contaminated sites	388,347	364,385
Long-term debt	2,658,614	3,229,633
	B <u>9,576,272</u>	<u>9,711,772</u>
NET FINANCIAL ASSETS	A - B C <u>26,356,099</u>	<u>27,292,077</u>
NON-FINANCIAL ASSETS		
Tangible capital assets	77,160,791	98,076,509
Inventory for consumption	1,241,224	1,196,882
Prepaid expenses	334,416	276,072
	D <u>78,736,431</u>	<u>99,549,463</u>
ACCUMULATED SURPLUS	C+D <u>\$ 105,092,530</u>	<u>\$ 126,841,540</u>

TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	2022	2021
Current taxes and grants in place of taxes	\$ 225,484	\$ 271,230
Arrears taxes	100,342	90,472
	325,826	361,702
Less: Allowance for doubtful accounts	(90,027)	(92,772)
	\$ 235,799	\$ 268,930

RECEIVABLES

	2022	2021
Receivable from other governments	\$ 877,610	\$ 1,500,969
Trade and accrued receivables	789,287	474,877
Goods and Services Tax	294,789	136,400
Utilities	73,549	94,686
	2,035,235	2,206,932
Less:		
Allowance for doubtful accounts	(12,298)	(11,465)
	\$ 2,022,937	\$ 2,195,467

DEBT CHARGES RECOVERABLE

	2022	2021
Current debt charges recoverable	\$ 265,869	\$ 259,337
Long-term debt charges recoverable	984,388	1,250,267
	\$ 1,250,257	\$ 1,509,604

The Municipal District assumed a debenture on behalf of Lesser Slave Lake Regional Housing Authority. The Municipal District is not in a partnership with Lesser Slave Lake Regional Housing Authority on the capital project but agreed to obtain the funding that they require and is fully reimbursed for both principal and interest payments.

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DEFERRED REVENUE

	2021	Additions	Revenue Recognized	2022
Federal Gas Tax Refund	332,853	174,877	(263,031)	244,699
FRIAA Fire Smart Grant	20,399	-	(20,399)	-
Municipal Sustainability Initiative - Capital Family & Community Support Services (FCSS - 2022 1 st Qtr)	1,176,608	2,251,779	(844,735)	2,583,652
Municipal Stimulus Grant (MSP)	104,246	-	(104,246)	-
Unearned revenues		46,464		46,464
	\$ 1,654,635	\$ 2,473,120	\$ (1,252,940)	\$ 2,874,815

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LONG-TERM DEBT

- ❑ **LONG-TERM DEBT - \$2,658,614**
 - Tax-supported - \$230,209
 - Self-supported - \$1,194,374
 - Debt charges recoverable - \$1,234,031

- ❑ **MATURITY**
 - 2024 - 2030

- ❑ **INTEREST RATES**
 - 1.995% - 5.175%

DEBT LIMITS

	2022	2021
Total debt limit	\$ 27,714,431	\$ 27,279,389
Total debt and guarantees	2,658,614	3,229,633
Debt limit available	<u>\$ 25,055,817</u>	<u>\$ 24,049,756</u>
Debt servicing limit	\$ 4,619,072	\$ 4,546,565
Debt servicing	591,435	571,019
Debt servicing available	<u>\$ 4,027,637</u>	<u>\$ 3,975,546</u>

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NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS

	Opening Balance	Additions	Disposals	Amortization	Transfers	Ending Balance
Land	\$ 2,741,801	\$ -	-	\$ -	\$ -	\$ 2,741,801
Engineered Structures	52,124,961	548,252	-	(4,818,673)	87,197	47,941,737
Buildings & Facilities	17,266,743	169,484	-	(1,129,793)	39,800	16,346,234
Machinery & Equipment	3,704,495	1,391,524	-	(687,259)	39,842	4,448,602
Vehicles	724,521	1,073,327	(15,424.00)	(347,446)	-	1,434,978
Work in Progress	21,513,988	1,983,990	(7,140.00)	-	(19,243,399)	4,247,439
	\$ 98,076,509	\$ 5,166,577	\$ (22,564)	\$ (6,983,171)	\$ (19,076,560)	\$ 77,160,791

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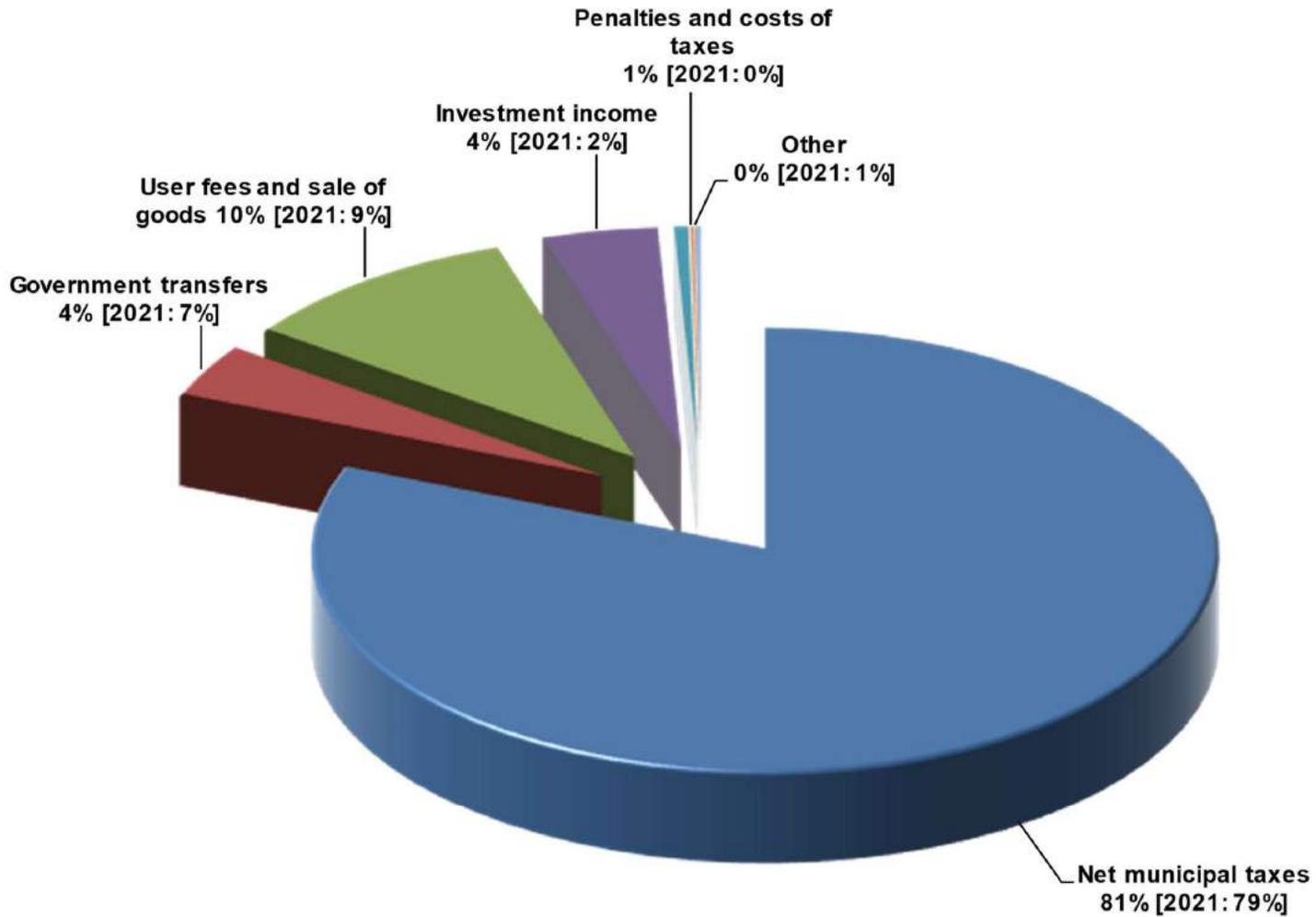
ACCUMULATED SURPLUS

	2022	2021
RESTRICTED SURPLUS		
Operating reserves	\$ 4,765,293	\$ 4,916,970
Capital reserves	21,212,992	20,807,403
EQUITY IN TANGIBLE CAPITAL ASSETS	76,930,582	97,739,723
UNRESTRICTED SURPLUS	2,183,663	3,377,444
	\$ 105,092,530	\$ 126,841,540

OPERATING REVENUE

	2022 (Budget)	2022 (Actual)	2021 (Actual)
REVENUE			
Net municipal property taxes	\$ 14,920,643	\$ 14,969,534	\$ 14,395,330
Government transfers	640,511	704,893	1,361,548
User fees and sale of goods	1,835,798	1,886,642	1,663,762
Investment income	603,750	758,432	389,208
Penalties and costs of taxes	88,066	93,529	89,735
Licenses and permits	72,600	21,579	60,540
Other	21,862	37,720	226,136
	\$ 18,183,230	\$ 18,472,329	\$ 18,186,259

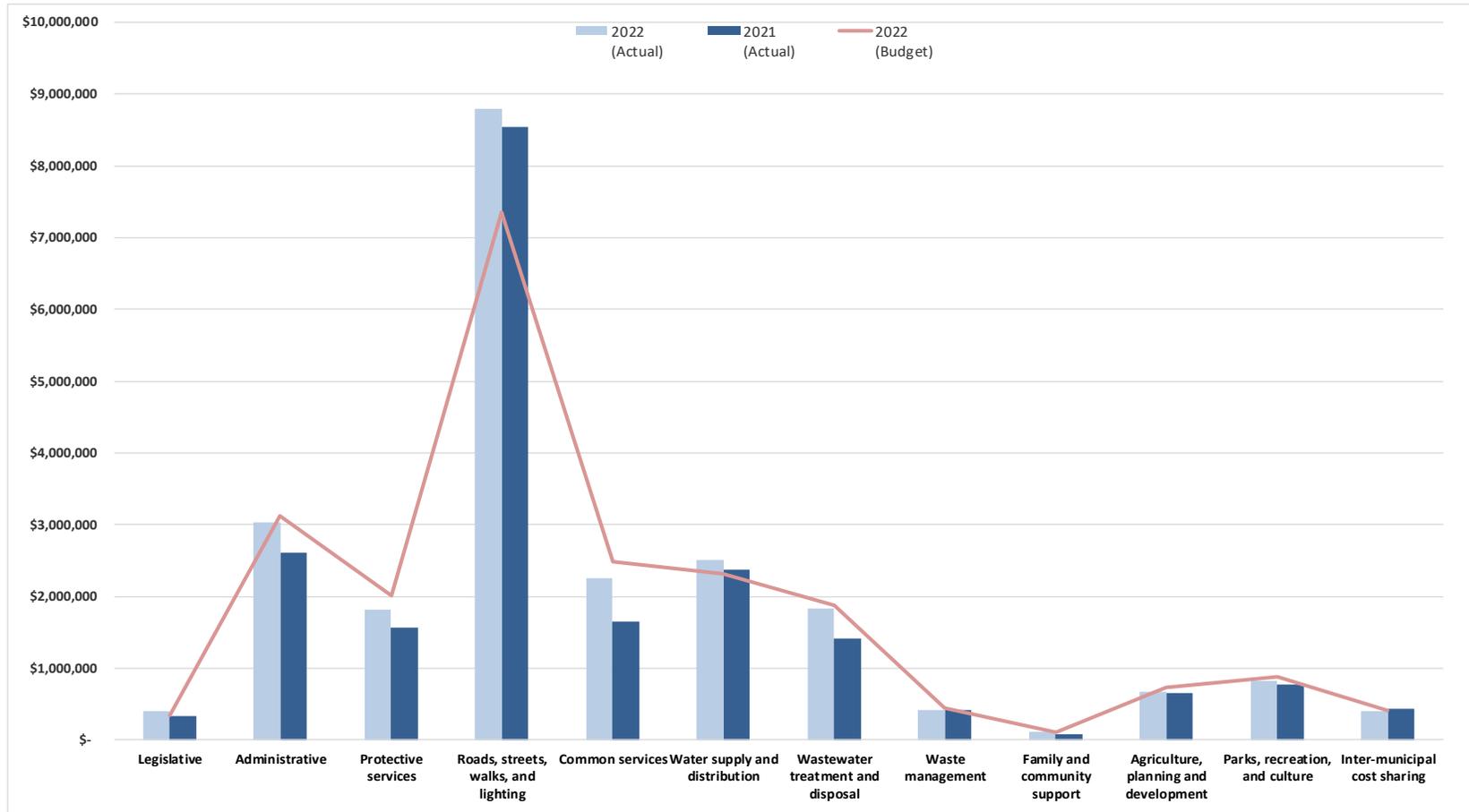
OPERATING REVENUE



EXPENSES BY FUNCTION

	2022 (Budget)	2022 (Actual)	2021 (Actual)
EXPENSES			
Legislative	\$ 347,750	\$ 402,579	\$ 330,980
Administrative	3,130,961	3,029,379	2,618,199
Protective services	2,012,335	1,824,378	1,562,575
Roads, streets, walks, and lighting	7,358,977	8,794,396	8,533,623
Common services	2,485,445	2,260,618	1,653,405
Water supply and distribution	2,320,636	2,513,308	2,379,156
Wastewater treatment and disposal	1,882,041	1,832,314	1,414,768
Waste management	441,302	416,402	419,720
Family and community support	101,515	111,967	79,310
Agriculture, planning and development	735,472	672,440	663,813
Parks, recreation, and culture	875,703	826,055	776,995
Inter-municipal cost sharing	412,430	396,142	435,531
	<u>\$ 22,104,567</u>	<u>\$ 23,079,978</u>	<u>\$ 20,868,075</u>

EXPENSES BY FUNCTION



EXPENSES BY OBJECT

	2022 (Budget)	2022 (Actual)	2021 (Actual)
Salaries, wages, and benefits	\$ 6,318,236	\$ 6,076,631	\$ 5,681,417
Contracted and general services	5,726,394	4,676,746	3,823,256
Materials, goods, and utilities	3,606,518	3,497,805	3,017,563
Provision for allowances	211,373	55,980	(97,555)
Transfers to local boards and agencies	1,631,978	1,610,315	1,507,272
Bank charges and short-term interest	6,275	79,205	80,270
Interest on long-term debt	103,963	100,125	119,898
Amortization	4,499,830	6,983,171	6,735,954
	\$ 22,104,567	\$ 23,079,978	\$ 20,868,075

OTHER REVENUE (EXPENSE)

	2022 (Budget)	2022 (Actual)	2021 (Actual)
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	\$ (3,921,337)	\$ (4,607,649)	\$ (2,681,816)
OTHER REVENUE			
Transfer Regional Waterline to TOSL	-	(19,076,560)	-
Government transfers for capital	-	1,903,763	1,654,713
Gain (loss) on disposal of tangible capital assets	300	31,436	(775)
	300	(17,141,361)	1,653,938
ANNUAL SURPLUS (DEFICIT)	(3,921,037)	(21,749,010)	(1,027,878)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	126,841,540	126,841,540	127,869,418
ACCUMULATED SURPLUS, END OF YEAR	\$ 122,920,503	\$ 105,092,530	\$ 126,841,540

SUMMARY

❑ ANNUAL DEFICIT

\$(21,749,010) (2021 – **\$(1,027,878)**)

❑ NET FINANCIAL ASSETS

\$26,356,099 (2021 - \$27,292,077)

❑ AUDIT FINDINGS REPORT TO COUNCIL (see report)

- NO SIGNIFICANT CONTROL DEFICIENCIES
- NO UNUSUAL ACCOUNTING POLICIES / ESTIMATES
- UNCORRECTED MISSTATEMENTS
- NO SIGNIFICANT DIFFICULTIES

❑ THANK YOU TO MANAGEMENT & STAFF

❑ QUESTIONS?



Financial Statements of

**Municipal District of
Lesser Slave River No. 124**

December 31, 2022

Draft – March 26, 2023 – Revised on April 6, 2023

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Lesser Slave River

MUNICIPAL DISTRICT OF LESSER SLAVE RIVER NO. 124

MANAGEMENT'S REPORT DECEMBER 31, 2022

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. The responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibility for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the financial statements

The Municipal District of Lesser Slave River No. 124 maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Municipal District of Lesser Slave River No. 124's assets are properly accounted for and adequately safeguarded.

The elected Council of the Municipal District of Lesser Slave River No. 124 are composed entirely of individuals who are neither management nor employees of the Municipal District. Council has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. Council is also responsible for the appointment of the Municipal District's external auditors.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the financial statements and to report directly to them. The external auditors have full and free access to and meet periodically and separately with Council and management to discuss their audit findings.

Barry Kolenosky
Chief Administrative Officer

Slave Lake, Alberta
April 12, 2023



INDEPENDENT AUDITORS' REPORT

To the Reeve and Council of the Municipal District of Lesser Slave River No. 124

Opinion

We have audited the accompanying financial statements of the Municipal District of Lesser Slave River No. 124 (the Municipal District), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Municipal District as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Municipal District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipal District or to cease operations, or has no realistic alternative but to do so.

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

(continues)

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Independent Auditors' Report to the Reeve and Council of the Municipal District of Lesser Slave River No. 124 (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipal District's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipal District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Municipal District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Chartered Professional Accountants

Edmonton, Alberta
April 12, 2023

**MUNICIPAL DISTRICT OF LESSER SLAVE RIVER NO. 124
Statement of Financial Position
As at December 31, 2022**

	2022	2021
FINANCIAL ASSETS		
Cash and Temporary Investment (Note 2)	\$ 9,342,495	\$ 12,489,388
Receivables		
Taxes and grants in lieu of taxes (Note 3)	235,799	268,930
Trade and other receivables (Note 4)	2,022,937	2,195,467
Other long-term receivables	487,183	576,699
Debt charges recoverable (Note 5)	1,250,257	1,509,594
Investments (Note 6)	22,593,700	19,963,771
	<u>35,932,371</u>	<u>37,003,849</u>
LIABILITIES		
Accounts payable and accrued liabilities	3,252,342	3,975,919
Deposit liabilities	329,447	314,529
Deferred revenue (Note 8)	2,874,815	1,654,635
Employee benefit obligations (Note 9)	72,707	172,671
Liability for Contaminated Sites (Note 10)	388,347	364,385
Long-term debt (Notes 12,13)	2,658,614	3,229,633
	<u>9,576,272</u>	<u>9,711,772</u>
NET FINANCIAL ASSETS	<u>26,356,099</u>	<u>27,292,077</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	77,160,791	98,076,509
Inventory for consumption (Note 11)	1,241,224	1,196,882
Prepaid expense	334,416	276,072
	<u>78,736,431</u>	<u>99,549,463</u>
ACCUMULATED SURPLUS (Note 14)	<u>\$ 105,092,530</u>	<u>\$ 126,841,540</u>

ON BEHALF OF COUNCIL:

The accompanying notes are an integral part of these financial statements.

MUNICIPAL DISTRICT OF LESSER SLAVE RIVER NO. 124
Statement of Operations & Accumulated Surplus
For the Year Ended December 31, 2022

	2022 Budget (Note 22)	2022 Actual	2021 Actual
REVENUE			
Net municipal property taxes (Schedule 3)	\$ 14,920,643	\$ 14,969,534	\$ 14,395,330
Government transfers (Schedule 4)	640,511	704,893	1,361,548
User fees and sales of goods	1,835,798	1,886,642	1,663,762
Investment income	603,750	758,432	337,951
Penalties and costs of taxes	88,066	93,529	89,735
Licenses and permits	72,600	21,579	60,540
Other	21,862	37,720	227,393
Total revenue	18,183,230	18,472,329	18,186,259
EXPENSES			
Legislative	347,750	402,579	330,980
Administration	3,130,961	3,029,379	2,618,199
Protective Services	2,012,335	1,824,378	1,562,575
Roads, streets, walks, lighting	7,358,977	8,794,396	8,533,623
Common services	2,485,445	2,260,618	1,653,405
Water supply and distribution	2,320,636	2,513,308	2,379,156
Wastewater treatment and disposal	1,882,041	1,832,314	1,414,768
Waste management	441,302	416,402	419,720
Family and community support	101,515	111,967	79,310
Agriculture, planning and development	735,472	672,440	663,813
Parks, recreation, culture	875,703	826,055	776,995
Inter-municipal cost sharing (Note 20)	412,430	396,142	435,531
Total expenses	22,104,567	23,079,978	20,868,075
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE	(3,921,337)	(4,607,649)	(2,681,816)
Transfer Regional Waterline to TOSL	-	(19,076,560)	-
Government transfers for capital (Schedule 4)	-	1,903,763	1,654,713
(Loss) Gain on disposal of tangible capital assets	300	31,436	(775)
	300	(17,141,361)	1,653,938
ANNUAL SURPLUS (DEFICIT)	(3,921,037)	(21,749,010)	(1,027,878)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	\$ 126,841,540	\$ 126,841,540	\$ 127,869,418
ACCUMULATED SURPLUS, END OF YEAR (Note 14)	\$ 122,920,503	\$ 105,092,530	\$ 126,841,540

The accompanying notes are an integral part of these financial statements.

**MUNICIPAL DISTRICT OF LESSER SLAVE RIVER NO. 124
Statement of Change in Net Financial Assets
For the Year Ended December 31, 2022**

	2022 Budget (Note 22)	2022 Actual	2021 Actual
ANNUAL SURPLUS (DEFICIT)	\$ (3,921,037)	\$ (21,749,010)	\$ (1,027,878)
Acquisition of tangible capital assets	(6,048,638)	(5,166,577)	(2,203,119)
Proceeds on disposal of tangible capital assets	-	54,000	51,783
Transfer Regional Waterline to TOSL	-	19,076,560	-
Amortization of tangible capital assets	4,499,830	6,983,171	6,735,954
(Gain) Loss on disposal of tangible capital assets	(300)	(31,436)	775
	<u>(5,470,145)</u>	<u>(833,292)</u>	<u>3,557,515</u>
Change in inventory for consumption	-	(44,342)	137,633
Change in prepaid expenses	-	(58,344)	185,569
	<u>-</u>	<u>(102,686)</u>	<u>323,202</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(5,470,145)	(935,978)	3,880,717
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>27,292,077</u>	<u>27,292,077</u>	<u>23,411,360</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$21,821,932</u>	<u>\$ 26,356,099</u>	<u>\$ 27,292,077</u>

The accompanying notes are an integral part of these financial statements.

MUNICIPAL DISTRICT OF LESSER SLAVE RIVER NO. 124
Statement of Cash Flows
For the Year Ended December 31, 2022

	2022 Actual	2021 Actual
Operating Activities		
Annual surplus (deficit)	\$ (21,749,010)	\$ (1,027,878)
Non-cash items included in annual surplus		
Amortization of tangible capital assets	6,983,171	6,735,954
Amortization of bond premium / discount	55,475	51,258
Loss (Gain) on disposal of tangible capital assets	(31,436)	775
Net change in non-cash operating working capital balances:		
Decrease (increase) in taxes and grants in place	33,131	194,716
Decrease (increase) in trade and other receivables	172,530	1,713,931
Decrease (increase) in other long-term receivables	89,515	123,449
Decrease (increase) in debt charges recoverable	259,337	252,967
Decrease (increase) in prepaid expenses	(58,344)	185,569
Decrease (increase) in inventory for consumption	(44,342)	137,633
Increase (decrease) in accounts payable and accrued liabilities	(723,576)	1,106,699
Increase (decrease) in deposit liabilities	14,918	(137,013)
Increase (decrease) in deferred revenue	1,220,180	(745,921)
Increase (decrease) in employee benefit obligations	(99,964)	4,611
Increase in environmental liabilities	23,963	11,982
Cash provided by operating transactions	(13,854,453)	8,608,732
Capital Activities		
Purchase of tangible capital assets	(5,166,577)	(2,203,119)
Proceeds on disposal of tangible capital assets	54,000	51,783
Transfer Regional Waterline to TOSL	19,076,560	-
Cash applied to capital transactions	13,967,165	(2,151,336)
Financing Activities		
Long-term debt repaid	(571,020)	(551,421)
Cash applied to financing transactions	(571,020)	(551,421)
Investing Activities		
Purchase of investments	(2,685,404)	(20,015,028)
Cash provided by investing transactions	(2,685,404)	(20,015,028)
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	(3,146,893)	(14,109,053)
CASH AND TEMPORARY INVESTMENTS AT BEGINNING OF YEAR	12,489,388	26,598,441
CASH AND TEMPORARY INVESTMENTS AT END OF YEAR	\$ 9,342,495	\$ 12,489,388

The accompanying notes are an integral part of these financial statements.

MUNICIPAL DISTRICT OF LESSER SLAVE RIVER NO. 124
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2022

“Schedule 1”

	Land	Engineered Structures	Buildings & Facilities	Machinery & Equipment	Vehicles	Work In Progress	2022	2021
COST								
BALANCE, BEGINNING OF YEAR	\$ 2,741,801	\$ 154,859,853	\$ 35,979,704	\$ 10,742,871	\$ 2,055,471	\$ 21,513,988	\$ 227,893,688	\$ 226,040,040
Acquisition of tangible capital assets	-	548,252	169,484	1,391,524	1,073,327	1,983,990	5,166,577	2,203,119
Transfer in work in progress	-	87,197	39,800	39,842	-	(166,839)	-	-
Transfer (out) work in progress	-	-	-	-	-	(19,076,560)	(19,076,560)	-
Disposals	-	-	-	(7,728)	(53,985)	(7,140)	(68,853)	(349,471)
BALANCE, END OF YEAR	2,741,801	155,495,302	36,188,988	12,166,509	3,074,813	4,247,439	213,914,852	227,893,688
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	102,734,892	18,712,961	7,038,376	1,330,950	-	129,817,179	123,378,138
Annual amortization	-	4,818,673	1,129,793	687,259	347,446	-	6,983,171	6,735,954
Disposals	-	-	-	(7,728)	(38,561)	-	(46,289)	(296,913)
BALANCE, END OF YEAR	-	107,553,565	19,842,754	7,717,907	1,639,835	-	136,754,061	129,817,179
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 2,741,801	\$ 47,941,737	\$ 16,346,234	\$ 4,448,602	\$ 1,434,978	\$ 4,247,439	\$ 77,160,791	
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 2,741,801	\$ 52,124,961	\$ 17,266,743	\$ 3,704,495	\$ 724,521	\$ 21,513,988		\$ 98,076,509

The accompanying notes are an integral part of these financial statements.

MUNICIPAL DISTRICT OF LESSER SLAVE RIVER NO. 124
Schedule of Segmented Disclosure
For the Year Ended December 31, 2022

"Schedule 2"

2022	General Government	Protective Services	Transportation Services	Environmental Services	Planning & Development	Recreation & Culture	Total
REVENUE							
Net municipal taxes	\$ 14,969,534	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,969,534
Government transfers	164,315	1,900	945,955	980,630	269,753	246,103	2,608,656
User fees and sales of goods	49,123	38,245	562,055	1,204,120	12,502	20,597	1,886,642
Investment income	758,432	-	-	-	-	-	758,432
Other revenues	165,257	7,155	-	4,568	14,424	-	191,404
	16,106,661	47,300	1,508,010	2,189,318	296,679	266,700	20,414,668
EXPENSES							
Contracted and general services	1,361,958	576,035	1,584,407	706,345	257,935	190,066	4,676,746
Salaries, wages and benefits	1,664,681	194,185	2,541,818	1,249,223	373,167	53,557	6,076,631
Goods and supplies	160,582	105,756	1,818,027	1,249,494	65,098	98,848	3,497,805
Transfers to other governments and boards	399,641	715,144	112,500	104,007	83,550	195,473	1,610,315
Long-term debt interest	28,282	-	-	71,843	-	-	100,125
Other expenses	19,218,159	-	-	726	-	-	19,218,883
	23,833,303	1,591,120	6,056,752	3,381,638	779,750	537,944	35,180,507
NET REVENUE (DEFICIT), BEFORE AMORTIZATION	(6,726,642)	(1,543,820)	(4,548,742)	(1,192,320)	(483,071)	(271,244)	(14,765,839)
Amortization	78,499	233,258	4,998,262	1,380,386	4,656	288,110	6,983,171
ANNUAL SURPLUS (DEFICIT)	\$ (6,805,141)	\$ (1,777,078)	\$ (9,547,004)	\$ (2,572,706)	\$ (487,727)	\$ (559,354)	\$ (21,749,010)

The accompanying notes are an integral part of these financial statements.

MUNICIPAL DISTRICT OF LESSER SLAVE RIVER NO. 124
Schedule of Segmented Disclosure
For the Year Ended December 31, 2022

“Schedule 2”

2021	General Government	Protective Services	Transportation Services	Environmental Services	Planning & Development	Recreation & Culture	Total
REVENUE							
Net municipal taxes	\$ 14,395,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,395,330
Government transfers	140,501	56,580	1,167,297	1,407,807	227,613	16,463	3,016,261
User fees and sales of goods	37,089	24,349	311,767	1,254,599	13,310	22,648	1,663,762
Investment income	389,208	-	-	-	-	-	389,208
Other revenues	310,384	46,840	-	4,712	13,700	-	375,636
	15,272,512	127,769	1,479,064	2,667,118	254,623	39,111	19,840,197
EXPENSES							
Contracted and general services	1,235,009	448,139	1,008,289	797,901	196,331	137,587	3,823,256
Salaries, wages and benefits	1,530,274	141,934	2,431,932	1,042,677	432,842	101,758	5,681,417
Goods and supplies	107,089	128,749	1,792,822	857,377	65,169	66,357	3,017,563
Transfers to other governments and boards	438,031	623,585	116,561	101,077	44,125	183,893	1,507,272
Long-term debt interest	33,389	-	-	86,509	-	-	119,898
Other expenses	(25,696)	-	-	8,411	-	-	(17,285)
	3,318,096	1,342,407	5,349,604	2,893,952	738,467	489,595	14,132,121
NET REVENUE (DEFICIT), BEFORE AMORTIZATION	11,954,416	(1,214,638)	(3,870,540)	(226,834)	(483,844)	(450,484)	5,708,076
Amortization	66,612	220,169	4,837,425	1,319,692	4,656	287,400	6,735,954
ANNUAL SURPLUS (DEFICIT)	\$ 11,887,804	\$ (1,434,807)	\$ (8,707,965)	\$ (1,546,526)	\$ (488,500)	\$ (737,884)	\$ (1,027,878)

The accompanying notes are an integral part of these financial statements.

**MUNICIPAL DISTRICT OF LESSER SLAVE RIVER NO. 124
Schedule of Property Taxes and Other Taxes
For the Year Ended December 31, 2022**

“Schedule 3”

	2022 Budget (Note 22)	2022 Actual	2021 Actual
TAXATION			
Real property taxes	\$ 13,693,052	\$ 13,785,517	\$ 12,784,673
Linear property taxes	5,725,932	5,705,804	6,024,861
Designated Industrial Property	79,628	78,633	78,006
	19,498,612	19,569,954	18,887,540
REQUISITIONS			
Alberta School Foundation Fund	3,951,091	3,953,834	3,864,374
Seniors Lodges	547,250	568,280	549,830
Designated Industrial Property	79,628	78,306	78,006
	4,577,969	4,600,420	4,492,210
NET MUNICIPAL TAXES	\$ 14,920,643	\$ 14,969,534	14,395,330

The accompanying notes are an integral part of these financial statements.

MUNICIPAL DISTRICT OF LESSER SLAVE RIVER NO. 124
Schedule of Government Transfers
For the Year Ended December 31, 2022

“Schedule 4”

	2022 Budget (Note 22)	2022 Actual	2021 Actual
TRANSFERS FOR OPERATING			
Provincial government	\$507,509	\$ 652,230	\$ 1,339,949
Local governments	23,000	52,663	21,599
	<u>530,509</u>	<u>704,893</u>	<u>1,361,548</u>
TRANSFERS FOR CAPITAL			
Provincial government	-	1,880,783	1,642,978
Local government	-	11,075	11,735
Local organization	-	11,905	-
	<u>530,509</u>	<u>\$ 1,903,763</u>	<u>\$ 1,654,713</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$530,509</u>	<u>\$ 2,608,656</u>	<u>\$ 3,016,261</u>

The accompanying notes are an integral part of these financial statements.

**MUNICIPAL DISTRICT OF LESSER SLAVE RIVER NO. 124
 Schedule of Expenses by Object
 For the Year Ended December 31, 2022**

“Schedule 5”

	2022 Budget (Note 22)	2022 Actual	2021 Actual
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages, and benefits	\$ 6,318,236	\$ 6,076,631	\$ 5,681,417
Contracted and general services	5,726,394	4,676,746	3,823,256
Materials, goods, and utilities	3,606,518	3,497,805	3,017,563
Provision for allowances	211,373	55,980	(97,555)
Transfers to local boards and agencies	1,631,978	1,610,315	1,507,272
Bank charges and short-term interest	6,275	79,205	80,270
Interest on long-term debt	103,963	100,125	119,898
Amortization	4,499,830	6,983,171	6,735,954
	<u>\$ 22,104,567</u>	<u>\$ 23,079,978</u>	<u>\$ 20,868,075</u>

The accompanying notes are an integral part of these financial statements.

**Municipal District of Lesser Slave River #124
Notes to the Financial Statements
Year Ended December 31, 2022**

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Municipal District of Lesser Slave River #124, hereinafter the 'Municipal District', are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies adopted by the Municipal District are as follows:

a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses, change in net financial assets and cash flows of the reporting entity. This entity is comprised of all of the organizations that are owned or controlled by the Municipality and are therefore accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

b) Basis of Accounting

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

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

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

c) Use of Estimates

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

d) Cash and Temporary Investments

Cash and temporary investments include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value and have a maturity of three months or less at acquisition.

e) Investments

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

Investment income is reported 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.

**Municipal District of Lesser Slave River #124
Notes to the Financial Statements
Year Ended December 31, 2022**

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

i) Tangible Capital Assets

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

	<u>Years</u>
Land improvements	10-25
Buildings and facilities	25-50
Engineered structures	
Roadway systems	10-65
Water systems	5-75
Wastewater systems	5-75
Machinery and equipment	5-25
Vehicles	5-10
Networking and communication systems	5-20

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

ii) Contributions of Tangible Capital Assets

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

iii) Leases

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

iv) Inventories of consumption

Inventories held for consumption are recorded at the lower of cost or replacement cost, with cost determined using the FIFO method.

g) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

**Municipal District of Lesser Slave River #124
Notes to the Financial Statements
Year Ended December 31, 2022**

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Tax Revenue

Property tax revenue is based on market value assessments determined in accordance with the Municipal Government Act. Tax rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property tax assessments during the period of the related borrowings. These levies are collectible from property owners for work performed by the Municipal District and are recognized as revenue in the year they are levied.

i) Liability for Contaminated Sites

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

j) Debt Charges Recoverable

Debt charges recoverable consist of amounts that are recoverable from other local governments with respect to outstanding debentures incurred on their behalf for projects unrelated to the Municipal District. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt.

2. CASH AND TEMPORARY INVESTMENTS

	2022	2021
Cash	\$928,882	4,294,409
Temporary Investments	8,413,613	8,194,979
	\$9,342,495	\$12,489,388

Temporary investments require between 31- and 90-days' notice to redeem. Interest rates on these short term deposits at December 31, 2022 ranged from 1.5% to 2.45% per annum.

Included in cash and temporary investments is a restricted amount of \$2,874,815 (2021 - \$1,654,835), \$2,828,351 received from various grant programs and held exclusively for approved projects, and \$46,464 from prepaid taxes and rent outlined in Note 8.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	2022	2021
Current taxes and grants in place of taxes	\$225,484	\$ 271,230
Arrears taxes	100,342	90,472
	325,826	361,702
Less: Allowance for doubtful accounts	(90,027)	(92,772)
	\$ 235,799	\$ 268,930

**Municipal District of Lesser Slave River #124
Notes to the Financial Statements
Year Ended December 31, 2022**

4. TRADE AND OTHER RECEIVABLES

	<u>2022</u>	<u>2021</u>
Receivable from other governments	\$ 877,610	\$ 1,500,969
Trade and accrued receivables	789,287	474,877
Goods and Services Tax	294,789	136,400
Utilities	73,549	94,686
	<u>2,035,235</u>	<u>2,206,932</u>
Less: Allowance for doubtful accounts	(12,298)	(11,465)
	<u>\$ 2,022,937</u>	<u>\$ 2,195,467</u>

5. DEBT CHARGES RECOVERABLE

	<u>2022</u>	<u>2021</u>
Current debt charges recoverable	\$ 265,869	\$ 259,337
Long-term debt charges recoverable	984,388	1,250,267
	<u>\$1,250,257</u>	<u>\$ 1,509,594</u>

The Municipal District assumed a debenture on behalf of Lesser Slave Lake Regional Housing Authority. The Municipal District is not in a partnership with Lesser Slave Lake Regional Housing Authority on the capital project but agreed to obtain the funding required by the Housing Authority and is fully reimbursed for both principal and interest payments.

In 2017, a debenture was borrowed in the amount of \$2,600,000 at an interest rate of 2.495% and is repayable in quarterly payments expiring June 2027. Debenture principal and interest repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	265,869	28,719	294,588
2024	272,565	22,024	294,589
2025	279,429	15,159	294,588
2026	286,466	8,122	294,588
2027	145,928	1,367	147,295
	<u>1,250,257</u>	<u>75,391</u>	<u>1,325,647</u>

These payments are not disclosed as revenues and expenses by the Municipal District as this loan is 100% recoverable from Lesser Slave Lake Regional Housing Authority.

**Municipal District of Lesser Slave River #124
Notes to the Financial Statements
Year Ended December 31, 2022**

6. INVESTMENTS

	2022		2021	
	Cost	Market Value	Cost	Market Value
RBC Dominion-GICs	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
CIBC Wood Gundy Bond Portfolio				
Fixed Income	\$15,451,700	\$12,887,827	\$11,921,078	\$12,651,493
Principal protected notes	<u>5,142,000</u>	<u>5,702,375</u>	<u>6,042,693</u>	<u>4,979,643</u>
Total CIBC	\$20,593,700	\$18,590,202	\$17,963,771	\$17,631,136
	<u>\$ 22,963,700</u>	<u>\$ 20,590,202</u>	<u>\$ 19,963,771</u>	<u>\$19,631,136</u>

Royal Bank of Canada held Guaranteed Investment Certificates or Term Deposits at an interest rate of 1.22% and mature in 2023.

CIBC Wood Gundy Bonds bearing interests ranging from 1.00% to 4.859% and matured from 2024 to 2031.

7. CREDIT FACILITIES

The Municipal District has a non-revolving demand facility for \$10,000 by way of a Letter of Guarantee in favour of the Provincial Treasurer in relation to Environmental Protection.

The Municipal District has access to a revolving line of credit with a limit of \$1,000,000, bearing interest at prime plus 0.25% in order to finance general operating requirements.

The Municipal District has access to a revolving line of credit with a limit of \$1,000,000, bearing interest at prime plus 0.25% in order to finance the acquisition of capital assets.

At December 31, 2022, the combined balance owing on credit facilities was \$NIL (2021 - \$NIL)

**Municipal District of Lesser Slave River #124
Notes to the Financial Statements
Year Ended December 31, 2022**

8. DEFERRED REVENUE

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

	2021	Additions	Revenue Recognized	2022
Canada Community Building Fund	\$ 332,853	\$ 174,877	(263,031)	\$ 244,699
FRIAA Fire Smart Grant	20,399	-	(20,399)	-
Municipal Sustainability Initiative – Capital	1,176,608	2,251,779	(844,735)	2,583,652
Family & Community Support Services (FCSS – 2022 1 ST Qtr)	20,529	-	(20,529)	-
Municipal Stimulus Grant (MSP)	104,246	-	(104,246)	-
Unearned Revenue	-	46,464	-	46,464
	<u>1,654,635</u>	<u>\$ 2,473,120</u>	<u>(\$ 1,252,940)</u>	<u>\$ 2,874,815</u>

Provincial Grant - Investing in Canada Infrastructure Program (ICIP) for project “Smith Lagoon Re-Lining”:

The total approved amount under this grant is \$1,504,662, the total project cost spent as of December 31, 2022 was \$2,215,301 with \$1,099,683 being in 2021 and \$1,115,618 in 2022. The grant amount of \$693,071 was received as of December 31, 2022, with the remaining grant balance of \$471,591 to be received in 2023.

**Municipal District of Lesser Slave River #124
Notes to the Financial Statements
Year Ended December 31, 2022**

9. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2022</u>	<u>2021</u>
Vacation and overtime	<u>\$ 72,707</u>	<u>\$ 172,671</u>

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year. In 2022, all the overtime hours were paid out, thus there is no overtime liability carryover.

10. LIABILITY FOR CONTAMINATED SITES

	<u>2022</u>	<u>2021</u>
Site clean-up, remediation and monitoring	<u>\$ 388,347</u>	<u>\$ 364,385</u>

The Municipal District has accepted responsibility for remediation work on an individual site within the Municipal District's boundaries for soil contamination. The estimated remediation activities include general site clean-up, additional site investigation, risk assessment and monitoring. This estimated liability is based on current contractor and engineering costs with no estimated recoveries.

11. INVENTORY FOR CONSUMPTION

	<u>2022</u>	<u>2021</u>
Gravel	<u>\$ 345,416</u>	<u>\$ 477,558</u>
Transportation Materials	<u>546,167</u>	<u>349,187</u>
ASB Chemicals	<u>33,154</u>	<u>33,154</u>
Sewer Supplies and Materials	<u>316,487</u>	<u>336,983</u>
	<u>\$ 1,241,224</u>	<u>\$ 1,196,882</u>

**Municipal District of Lesser Slave River #124
Notes to the Financial Statements
Year Ended December 31, 2022**

12. LONG-TERM DEBT

	<u>2022</u>	<u>2021</u>
Tax supported debentures – capital (Note 14)	\$ 230,209	\$ 336,786
Self supported debentures – operating	1,194,374	1,399,239
Debt charges recoverable (Note 5)	1,234,031	1,493,608
	<u>\$ 2,658,614</u>	<u>\$ 3,229,633</u>

The current portion of the long-term debt amounts to \$591,435 (2021 - \$571,019)

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	591,435	83,476	674,911
2024	612,706	62,205	674,911
2025	405,360	42,971	448,331
2026	416,430	31,901	448,331
2027	283,805	20,483	304,288
Thereafter	348,878	21,158	370,036
	<u>2,658,614</u>	<u>262,194</u>	<u>2,920,808</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest rates ranging from 1.995% to 5.175% per annum and matures in 2024 through to 2030. The average annual interest rate is 4.117%. Debenture debt is issued on the credit and security of the Municipal District at large.

The proceeds from the housing debenture was used to fund a loan to the Lesser Slave Lake Regional Housing Authority for the purpose of re-financing capital construction costs on a senior's facility in the Town of Slave Lake. The interest rate on this debenture is 1.995%. A loan agreement was entered into in 2017 and was recorded as debt charges recoverable at an interest rate of 2.495% and is secured by way of mortgage on the capital property. Both the debenture and the debt charge recoverable will mature on June 15, 2027.

Interest on long-term debt amounted to \$100,125 (2021 - \$119,898).

The Municipal District's total cash payments for interest in 2022 were \$103,892 (2021 - \$123,490).

**Municipal District of Lesser Slave River #124
Notes to the Financial Statements
Year Ended December 31, 2022**

13. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Municipal District be disclosed as follows:

	<u>2022</u>	<u>2021</u>
Total debt limit	\$ 27,714,431	\$ 27,279,389
Total debt (Note 12)	<u>2,658,614</u>	<u>3,229,633</u>
Amount of debt limit unused	<u>\$ 25,055,817</u>	<u>\$ 24,049,756</u>
Debt servicing limit	\$ 4,619,072	\$ 4,546,565
Debt servicing (Note 12)	<u>591,435</u>	<u>571,019</u>
Amount of debt servicing limit unused	<u>\$ 4,027,637</u>	<u>\$ 3,975,546</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**Municipal District of Lesser Slave River #124
Notes to the Financial Statements
Year Ended December 31, 2022**

14. ACCUMULATED SURPLUS

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

	2022	2021
RESTRICTED AMOUNTS		
Operating reserves		
Wildfire Recovery	\$ 586,912	\$ 589,502
Working capital - general	2,635,935	2,825,521
Financial management	281,771	274,372
Building	266,828	259,822
Transportation - operating	536,863	522,767
Drainage	46,735	45,508
Municipal-in-lieu	30,868	30,057
ASB - weed spraying	16,638	16,201
Regional development	5,608	5,461
Water line contingency	259,640	252,823
Sewer line contingency	97,495	94,936
	<u>4,765,293</u>	<u>4,916,970</u>
Capital reserves		
General capital	2,214,444	2,391,206
Transportation - capital	13,008,545	11,647,272
Sewer construction	561,770	1,298,289
Water construction	840,194	958,790
Fire protection	661,306	643,943
Recreation	82,160	80,002
Harbour/Boat Launch	103,856	101,129
Landfill	65,617	63,894
Equipment replacement	382,155	1,225,784
EDP equipment	38,848	37,828
Economic development - VIC	243,796	237,395
Cultural	129,144	125,753
Disaster Recovery	413,685	252,823
Vehicle	753,426	501,349
Buildings & Facilities	1,180,308	775,257
Stormwater	413,685	252,823
Flood Mitigation	120,053	213,866
	<u>21,212,992</u>	<u>20,807,403</u>
	<u>25,978,285</u>	<u>25,724,373</u>
EQUITY IN TANGIBLE CAPITAL ASSETS		
Tangible capital assets	77,160,791	98,076,509
Long-term debt (tax-supported)	(230,209)	(336,786)
	<u>76,930,582</u>	<u>97,739,723</u>
UNRESTRICTED AMOUNTS		
	<u>2,183,663</u>	<u>3,377,444</u>
	<u>\$ 105,092,530</u>	<u>\$126,841,540</u>

**Municipal District of Lesser Slave River #124
Notes to the Financial Statements
Year Ended December 31, 2022**

15. SEGMENTED DISCLOSURE

The Municipal District of Lesser Slave River No. 124 provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. Refer to the Schedule of Segmented Disclosure (Schedule 2).

16. SALARY AND BENEFITS DISCLOSURE

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

	2022	2021		
	Salary (1)	Benefits & Allowances (2)	Total	Total
Councillors:				
Acton	-	-	-	29,495
Esau	-	-	-	26,890
Fulmore	39,493	277	39,770	8,565
Kerik	43,722	277	43,999	43,397
Melzer	40,938	277	41,215	39,457
Pearson	46,429	277	46,706	40,613
Peiffer	-	-	-	30,737
Sand	34,145	277	34,422	6,498
Seatter	35,736	277	36,013	6,498
Spencer	38,862	277	39,139	6,441
Chief Administrative Officer	198,093	5,952	204,045	219,229
	477,418	7,891	485,309	457,820

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

(2) Benefits and allowances include the employer's share of all employee benefits and contributions, or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

**Municipal District of Lesser Slave River #124
Notes to the Financial Statements
Year Ended December 31, 2022**

17. LOCAL AUTHORITIES PENSION PLAN

Employees of the Municipal District participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 275,863 people and 435 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

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

Total current service contributions by the Municipal District to the LAPP in 2022 were \$310,868 (2021 - 353,365). Total current service contributions by the employees of the Municipal District to the Local Authorities Pension Plan in 2022 were \$277,497 (2021 - \$317,806).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.922 billion (2020 – \$4.961 billion). The 2022 amounts are not yet available.

18. CONTINGENCIES

(a) Alberta Local Authorities Genesis Reciprocal Insurance Exchange

The Municipal District is a member of the Alberta Local Authorities Genesis Reciprocal Insurance Exchange program. Under the terms of the membership, the Municipal District could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

19. CONTRACTUAL OBLIGATIONS

(a) Town of Slave Lake

The Municipal District and the Town of Slave Lake have entered into an Inter-municipal Cost Sharing Agreement. Under the terms of the Agreement the Municipal District is committed to pay a proportionate share of the net operating costs related to the recreation services, community services, and animal control services provided by the Town. The proportionate share is based on the populations of the Town of Slave Lake and the immediate surrounding area of the Municipal District. The proportionate share for the Municipal District in 2022 was 21%. In addition, in this Agreement the Municipal District is committed to paying 10% of the tax revenue resulting from assessment growth in the Mitsue Industrial Area.

(b) Regional Fire Service

The Municipal District and the Town of Slave Lake have entered into a Regional Fire Service Agreement with the Town of Slave Lake to provide a regional fire service. Under the terms of the Agreement, the Municipal District is committed to pay a proportionate share of the net operating and capital costs of the fire service. The proportionate share for operating costs is tied to the percentage of responses occurring in the Municipal District. This amount can fluctuate annually. The proportionate share for capital costs of the regional fire service is 50% based on the approved capital plan.

**Municipal District of Lesser Slave River #124
Notes to the Financial Statements
Year Ended December 31, 2022**

20. FINANCIAL INSTRUMENTS

The Municipal District's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued liabilities, deposit liabilities, employee benefit obligations, reclamation liabilities, and long-term debt. It is management's opinion that the Municipal District is not exposed to significant interest or currency risks arising from these financial instruments.

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

Unless otherwise noted, the carrying value of the financial instruments approximate fair value.

21. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

22. BUDGET DATA

The budget presented in these financial statements are based upon the 2022 operating and capital budgets approved by Council on May 11, 2022 (Motion 163-22 & Motion 164-22).

	Budget Amount
Revenue	
Operating budget	\$ 24,730,502
Capital budget	6,048,638
Less:	
Transfers from other funds	<u>(12,595,910)</u>
Total Revenue	<u>18,183,230</u>
 Expenses	
Operating budget	27,102,938
Capital budget	6,048,638
Less:	
Transfers to other funds	(4,686,930)
Capital Expenditures	(6,048,638)
Long-term debt principal payments	<u>(311,441)</u>
Total expenses	<u>22,104,567</u>
Annual Surplus	\$ (3,921,337)



METRIX GROUP LLP

CHARTERED PROFESSIONAL
ACCOUNTANTS

MUNICIPAL DISTRICT OF LESSER SLAVE RIVER NO. 124

Audit Findings Report

For the year-ended December 31, 2022

April 12, 2023

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Executive Summary

Purpose of this report

We are pleased to provide you with our audit findings report for the Municipal District of Lesser Slave River No. 124 (the “Municipal District”) for the year-ended December 31, 2022.

The purpose of this report is to:

1. Communicate clearly with those charged with governance what our responsibilities are in relation to the financial statement audit.
2. Provide an overview of the planned scope and timing of the audit.
3. Obtain from Council information relevant to the audit.
4. Promote effective two-way communication between Council and the auditor.

Independence

At the core of the provision of external audit services is the concept of independence. Canadian generally accepted auditing standards require us to communicate to Council, at least annually, all relationships between our Firm and the Municipal District that, in our professional judgement, may reasonably be thought to bear on our independence. Please refer to **Appendix 1** for our confirmation of independence.

Finalizing the audit

As of April 12, 2023 we have substantially completed the audit of the Municipal District’s financial statements with the exception of:

- Completing our testing over utility transactions
- Completing our subsequent events procedures
- Obtaining the signed management representation letter
- Completing our required communication to Council
- Obtaining evidence of Council’s approval of the financial statements

We will update Council on significant matters, if any, arising from the completion of the audit, including the completion of the procedures above.

Changes from the audit plan

There have been no other significant changes regarding our Audit Planning Report that was previously presented to you.

Responsibilities

It is important for Council to understand the responsibilities that rest with the Municipal District and its management and those that belong to the auditor in relation to the financial statement audit.

Our responsibilities

Our audit of the Municipal District's financial statements will be performed in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements present fairly in all material respects, the financial position, the results of operations and cash flows of the Municipal District in accordance with Canadian public sector accounting standards.

Accordingly, we planned and performed our audit to provide reasonable, but not absolute, assurance of detecting fraud and errors that have a material effect on the financial statements taken as a whole, including illegal acts whose consequences have a material effect on the financial statements.

The audit included consideration of internal control relevant to the preparation of the financial statements 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 internal control.

Canadian generally accepted auditing standards does not require the auditor to design procedures for the purpose of identifying supplementary matters to communicate to Municipal District. Accordingly, our audit would not necessarily identify all such matters that may be of interest to Council and management, and it is inappropriate to conclude that no such matters exist.

Responsibilities of management and those charged with governance

Management is responsible for the preparation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Management's representations are integral to the audit evidence we will gather. Prior to the release of our report, we will require management's representations in writing to support the content of our auditors' report.

Those charged with governance, Council, is responsible for overseeing the Municipal District's financial reporting process.

Clear, two-way communication between the auditor and those charged with governance is an integral part of every audit. After reviewing this report, please advise us whether there are additional areas of concerns to Council that should be brought to our attention.

Materiality

Materiality in an audit is used as a guide for planning the nature and extend of audit procedures and for assessing the sufficiency of audit evidence gathered. It is also used in evaluating the misstatements found and determining the appropriate audit opinion to express.

Misstatements, individually or the aggregate, are considered to be material if, in the light of surrounding circumstances, it is probable that the decision of a person who is relying on the financial statements, and who has reasonable knowledge of business and economic activities, would be changed or influenced by such misstatements or the aggregate of all misstatements. The materiality decision is based on our professional judgement taking into consideration quantitative and qualitative factors.

The auditors' determination of materiality is a matter of professional judgement and is affected by the auditors' perception of the financial information needs of users of the financial statements. In planning our audit, we have concluded that a materiality level of 4% of operating expenses (\$901,400) is appropriate. However, we anticipate that management will record any adjustments that we propose that are of a non-trivial nature.

Audit Results

Area of Focus	Audit risk, our response, and findings
<p>Management override of control</p>	<p><i>Risk</i></p> <ul style="list-style-type: none"> - Management is in a unique position to perpetrate financial statement fraud through the manipulation of accounting records. Under Canadian assurance standards, there is a presumed fraud risk related to management’s ability to override internal controls. This risk is not rebuttable. <p><i>Our response</i></p> <ul style="list-style-type: none"> - Using data analytics, we have identified journal entries that exhibit characteristics which may be indicative of possible control override. We have assessed the business rationale of the transactions taking into consideration estimates applied, application of accounting policies, evidence of potential management bias. <p>Refer to other matters for findings identified.</p>

Municipal District of Lesser Slave River No. 124 – 2022 Audit Findings Report

Area of Focus	Audit risk, our response, and findings
<p>Revenue recognition (Deferred revenue and Government transfers)</p>	<p><i>Risk</i></p> <ul style="list-style-type: none"> - There is risk of premature revenue recognition of funding amounts received with external restrictions attached to them (e.g. Government of Alberta, federal government, ...etc.). <p><i>Our response</i></p> <ul style="list-style-type: none"> - We updated our understanding of the processes and controls in place regarding revenues received. - We reviewed related agreements and other source documentation containing guidance for the purpose and use of the restricted funds. - We assessed significant revenue transactions for compliance with external restrictions. - We performed a search for unrecorded revenue to assess completeness of revenue recognized. <p>No significant findings have been identified.</p>
<p>Net municipal taxes</p>	<p><i>Risk</i></p> <ul style="list-style-type: none"> - Property assessments or the tax rates applied are not appropriate. - Tax revenue is over / under levied. <p><i>Our response</i></p> <ul style="list-style-type: none"> - We have obtained third-party evidence substantiating the assessment value and re-calculated tax revenues using the approved mill rates. - We have determined the amount of tax revenues that have been over / under levied. <p>No significant findings have been identified.</p>

Municipal District of Lesser Slave River No. 124 – 2022 Audit Findings Report

Area of Focus	Audit risk, our response, and findings
<p>Sales and user charges</p>	<p><i>Risk</i></p> <ul style="list-style-type: none"> - User fees that are recorded are not complete. - Amounts recorded are at the incorrect rate. <p><i>Our response</i></p> <ul style="list-style-type: none"> - We have updated our understanding of the processes and controls in place regarding utilities revenue. - We have performed substantive analytical procedures to assess the completeness and accuracy of the revenue recorded. - We tested a sample of revenue transactions for sales and user charges. <p>No significant findings have been identified.</p>
<p>Operating expenses (Materials, goods and supplies; and Contracted services)</p>	<p><i>Risk</i></p> <ul style="list-style-type: none"> - Fraudulent expenses being recorded. - Expenses have not been recorded in the correct fiscal year. <p><i>Our response</i></p> <ul style="list-style-type: none"> - We have updated our understanding of the processes and controls in place regarding procurement and payment. - We have agreed significant expenses, along with a sample of non-significant expenses to supporting documentation. - We have performed a search for unrecorded liabilities. <p>No significant findings have been identified.</p>

Area of Focus	Audit risk, our response, and findings
<p>Salaries, wages and benefits (including Employee benefit obligations)</p>	<p><i>Risk</i></p> <ul style="list-style-type: none"> - Fraudulent (“ghost”) employees have been created. - Employees are paid at a rate inconsistent with their employee contract. <p><i>Our response</i></p> <ul style="list-style-type: none"> - We have updated our understanding over the processes and controls in place over payroll. - We have performed substantive analytical procedures over salaries, wages and benefits. - We have reconciled the salaries and wages paid to T4s issued. <p>No significant findings have been identified.</p>
<p>Cash</p>	<p><i>Risk</i></p> <ul style="list-style-type: none"> - Due to the nature of cash, it is subject to a higher level of procedures due to the risk of fraud. - Cash represents a significant balance of the Municipal District’s assets. <p><i>Our response</i></p> <ul style="list-style-type: none"> - We have obtained third party evidence over the Municipal District’s bank balances as part of our procedures performed over bank reconciliations. - We have tested significant reconciling items recorded in the bank reconciliation. <p>No significant findings have been identified.</p>

Municipal District of Lesser Slave River No. 124 – 2022 Audit Findings Report

Area of Focus	Audit risk, our response, and findings
<p>Receivable Balances (Taxes, Trade, and Other governments, and Loans receivable)</p>	<p><i>Risk</i></p> <ul style="list-style-type: none"> - There exists the risk that the amounts outstanding will not be collectible. - There exists the risk that receivables have been overstated. - There exists the risk that receivables outstanding at year-end have not been accrued for. <p><i>Our response</i></p> <ul style="list-style-type: none"> - We have updated our understanding of the Municipal District’s policies regarding collections and provisions. - We have tested the subsequent receipt of receivable balances outstanding at year-end. - Where required, we have performed additional substantive procedures to obtain appropriate audit evidence. - Where possible, we have coordinated with our work performed over revenues and deferred revenue. <p>No significant findings have been identified.</p>
<p>Tangible capital assets (“TCA”)</p>	<p><i>Risk</i></p> <ul style="list-style-type: none"> - TCA has been expensed rather than capitalized or have been recorded incorrectly. - Expenditures that are not capital in nature have been capitalized. - TCA valuation is complex due to risks of impairment and application of accounting estimates. <p><i>Our response</i></p> <ul style="list-style-type: none"> - We have inquired with management regarding any indicators of impairment; and where required, we have performed an impairment assessment. - We have performed substantive tests of details over additions. - We have re-calculated amortization expense and gains / losses on the disposal of TCA. <p>No significant findings have been identified.</p>

Municipal District of Lesser Slave River No. 124 – 2022 Audit Findings Report

Area of Focus	Audit risk, our response, and findings
<p>Accounts payable and accrued liabilities</p>	<p><i>Risk</i></p> <ul style="list-style-type: none"> - Expenses have not been recorded in the appropriate reporting period; that is, expenses have been prematurely recorded (cut-off). - Expenses related to the reporting period have not been fully accrued (completeness). <p><i>Our response</i></p> <ul style="list-style-type: none"> - We have performed a search for unrecorded liabilities. - We have examined accrued liabilities for existence and accuracy. - We have inquired with management and reviewed Council meeting minutes. <p>No significant findings have been identified.</p>
<p>Liability for Contaminated Sites</p>	<p><i>Risk</i></p> <ul style="list-style-type: none"> - Liability for contaminated sites may be misstated, either due to inappropriate estimates or errors in calculating the liability. <p><i>Our response</i></p> <ul style="list-style-type: none"> - We have inspected third party engineering reports to assess the remaining and used capacity of the respective cells; - We have assessed the estimates (i.e. discount and inflation rates) applied by management in calculating the liability; and - We have recalculated the contaminated site estimate using costs provided by third party engineers and managements' estimates. <p>No significant findings have been identified.</p>

Significant Findings

Our objective is to communicate appropriately to Council any deficiencies in internal control that we have identified during the audit and that, in our professional judgement, are of sufficient importance to merit being reported to those charged with governance.

The audit findings contained in this report did not have a material effect on the Municipal District's financial statements, and as such, our audit report is without reservation with respect to these matters.

Our audit procedures were performed to form an opinion on the financial statements and, although they might bring possible fraudulent or illegal activities to our attention, our audit procedures were not designed to detect fraudulent or illegal activities.

Internal Controls

Our audit procedures did not reveal any significant deficiencies in internal controls.

Accounting Practices (including accounting policies, judgments, and estimates)

Management is responsible for determining the significant accounting policies. The choice of different accounting policy alternatives can have a significant effect on the financial position and results of the Municipal District. The application of those policies often involved significant estimates and judgements by management.

We are of the opinion that the significant accounting policies, estimates and judgements, and financial disclosures made by management do not materially misstate the financial statements taken as a whole. Please refer to Note 1 of the financial statements for significant accounting policies and estimates disclosed.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties during our audit that should be brought to the attention of Council.

Management Representation

Management’s representations are integral to the audit evidence we will gather. Prior to the release of our report, we will require management’s representations in writing to support the content of our report. Please refer to **Appendix 2** for the management representation letter.

Management Letter

We will be submitting a letter to the Municipal District’s management on other matters that we feel should be brought to their attention.

Other Matters

We have identified other matters that we would like to bring to your attention.

Timing of year-end audit

The year-end audit for the Municipal District was initially scheduled for the week of March 6 to March 10, 2023. This was not met as requested items, such as working papers, drafted financial statements, etc., for the audit was not completed by management nor provided to us until March 16, 2023. A second package was received electronically on March 20, 2023, for the remainder of the initial working papers we requested.

The initial Council meeting was scheduled for March 29, 2023. However, due to the delays in receiving audit materials, the meeting was moved April 12, 2023, after correspondence with management.

Management entries

It is our expectation that prior to the commencement of the audit majority of the year-end entries would be posted by management and reflected in the working papers and financial statements, with minimal changes during the audit. After receiving the initial trial balance and general ledger on March 16, 2023, we have posted twenty-two (22) management entries, in addition to entry we have posted during our audit process which is noted below under **Adjustments**. This has resulted in multiple revisions in the working papers provided as well as the financial statements.

Journal entries

We noted upon performing our journal entry testing that twelve (12) out of fifteen (15) manual journal entries that we have tested did not have evidence of review nor approval, such as signatures or initials, from authorized personnel. Management is in a unique position to perpetrate financial statement fraud through the manipulation of accounting records. The lack of review and proper authorization of manual journal entries increase the risk of fraud through management's ability to override internal controls. As such, we recommend that this be mitigated by having another staff member prepare the entries while senior management reviews and approves the entries prior to posting.

Adjustments

Adjusted Differences

Audit adjustments have been recorded in order for the Municipal District to comply with reporting requirements under Canadian public sector accounting standards. We noted one adjustment that was made between accumulated surplus accounts having a net effect of \$NIL.

Increase (decrease) from opening balances				
Differences noted	Assets	Liabilities	Accumulated Surplus	Annual Surplus
Two audit adjustment (2021 – 1 adjustment).	\$ -	\$ -	\$ -	\$ -
Total Adjusted Differences (Income Effect)				\$ -

Uncorrected Misstatements

The total unrecorded misstatements noted during the audit amounted to a \$181,662 over-statement of the Municipal District’s annual surplus for the year ended December 31, 2022.

Description	Amount of over (under) misstatement			
	Assets	Liabilities	Annual Surplus	Accumulated Surplus
To adjust DRP funding receivable to actual	\$ (59,578)	\$ -	\$ (59,578)	\$ (59,578.12)
To reverse allowances made for FY23 oil & gas tax levies	(46,366)	-	(46,366)	(46,366)
To record accrual for STIP funding receivable in prior year	-	-	287,505	-
Total unrecorded misstatements	\$ (105,944)	\$ -	\$ 181,662	\$ 105,944

After considering both quantitative and qualitative factors with respect to the uncorrected misstatements accumulated during the audit, we agree with management that the financial statements are not materially misstated.

Appendix 1: Required Communications

We have been engaged to audit the financial statement of the Municipal District for the year ending December 31, 2022.

We believe that it is important that we communicate at least annually with you regarding all relationships between the Municipal District and our firm that, in our professional judgement, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the Chartered Professional Accountants of Alberta and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client.
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) Economic dependence on a client; and
- (e) Provision of services in addition to the audit engagement.

We are not aware of any relationships between the Municipal District and ourselves that, in our professional judgement, may reasonably be thought to bear on our independence that have occurred from January 1, 2022 to April 12, 2023.

Appendix 2: Management Representation Letter

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April 12, 2023

Metrix Group LLP
12840 St. Albert Trail NW
Edmonton Alberta T5L 4H6

Dear Sir:

Re: Management representations letter

This representation letter is provided in connection with your audit of the financial statements of Municipal District of Lesser Slave River No. 124 for the year ended December 31, 2022, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.

In making the representations outlined below, we took the time necessary to appropriately inform ourselves on the subject matter through inquiries of entity personnel with relevant knowledge and experience, and, where appropriate, by inspecting supporting documentation.

We confirm that (to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves):

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated October 31, 2022 for:

- a) Preparing and fairly presenting the financial statements in accordance with Canadian public sector accounting standards;
- b) Providing you all relevant information, such as:
 - i) Accounting records, supporting data and other relevant documentation,
 - ii) Minutes of meetings (such as Council minutes) or summaries of actions taken for which minutes have not yet been prepared, and
 - iii) Information on any other matters, of which we are aware, that is relevant to the preparation of the financial statements
- c) Ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements; and
- d) Designing and implementing such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We have also communicated to you any deficiencies in the design and implementation or the maintenance of internal control over financial reporting of which management is aware.

Fraud and Non Compliance

We have disclosed to you:

- a) All of our knowledge in relation to actual, alleged or suspected fraud affecting the entity's financial statements involving:
 - i) Management;
 - ii) Employees who have significant roles in internal control; or
 - iii) Others where the fraud could have a material effect on the financial statements;

- b) All of our knowledge in relation to allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others;
- c) All known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements that should be considered when preparing the financial statements;
- d) All known, actual, or possible litigation and claims that should be considered when preparing the financial statements; and
- e) The results of our risk assessments regarding possible fraud or error in the financial statements.

Related Parties

We have disclosed to you the identity of all of the entity's related-party relationships and transactions of which we are aware. All related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.

Estimates

We acknowledge our responsibility for determining the accounting estimates required for the preparation of the financial statements in accordance with Canadian public sector accounting standards. Those estimates reflect our judgment based on our knowledge and experience of past and current events, and on our assumptions about conditions we expect to exist and courses of action we expect to take. We confirm the methods, the data, and the significant assumptions used in making accounting estimates (including the useful lives of tangible capital assets and the corresponding rates of amortization, inventory valuation, recoverability of accounts receivable, and the amount of accrued liabilities) and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of Canadian public sector accounting standards

Subsequent Events

All events subsequent to the date of the financial statements and for which Canadian public sector accounting standards requires adjustment or disclosure have been adjusted or disclosed.

Commitments and Contingencies

There are no commitments, contingent liabilities/assets or guarantees (written or oral) that should be disclosed in the financial statements. This includes liabilities arising from contract terms, illegal acts or possible illegal acts, and environmental matters that would have an impact on the financial statements.

Adjustments

We have reviewed, approved and recorded all of your proposed adjustments to our accounting records. This includes journal entries, changes to account coding, classification of certain transactions and preparation of, or changes to, certain accounting records.

Misstatements

We believe the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter.

General

1. We have responded fully to all inquiries made to us and have made available to you all accounting and financial records and related data of the Municipal District during your audit.
2. We believe the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
3. We believe that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.
4. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
5. We have informed you of all outstanding and possible claims, whether or not they have been discussed with legal counsel.

6. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
7. We have disclosed to you, and the Municipal District has complied with, all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
8. There are no material unrecorded assets or contingent assets (such as claims relating to patent infringements or unfulfilled contracts whose value depends on satisfying conditions regarded as uncertain), that have not been disclosed to you.
9. We have disclosed to you all significant estimates and fair value measurements. We are of the opinion that:
 - a) The measurement methods used are permitted under Canadian public sector accounting standards and appropriate in the circumstances;
 - b) The underlying assumptions are reasonable and reflect management's best estimates considering existing market information;
 - c) The method of valuation has been applied consistently;
 - d) The assumptions are consistent with management's intended courses of action; and
 - e) Financial statement disclosures are in accordance with Canadian public sector accounting standards.
10. We are aware of the environmental laws and regulations that have an impact on our Municipal District and we are in compliance. There are no known environmental liabilities that have not been accrued for or disclosed in the financial statements.

Yours truly,

MUNICIPAL DISTRICT OF LESSER SLAVE RIVER NO. 124

Mr. Barry Kolenosky, Chief
Administrative Officer

April 12, 2023

Date signed

AGENDA ITEM #6.2

Municipal District of Lesser Slave River No. 124

Year End: December 31, 2022

Unrecorded journal entries

Date: 1/1/2022 To 12/31/2022

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
SUD01	12/31/2022	GENERAL ADMINISTRATION-TRADE OPERA	2-12-10-01-763	C23	59,578.12			
SUD01	12/31/2022	PROVINCIAL CONDITIONAL GRANTS-GOVER	5-00-00-00-248	C23		59,578.12		
To adjust DRP funding receivable to actual								
SUD02	12/31/2022	GENERAL ADMINISTRATION-TAX OPERATI	2-12-10-00-763	C20		46,366.00		
SUD02	12/31/2022	ALLOWANCE FOR UNCOLLECTIBLE TAX-GO	6-00-00-00-610	C20	46,366.00			
To reverse allowance made for FY23 oil & gas tax levies								
SUD03	12/31/2022	ROADS GENERAL - PROVINCIAL GRANT-AD	3-32-10-00-840	29C1-1	287,606.00			
SUD03	12/31/2022	ACCUMULATED OPERATING SURPLUS-GOV	6-00-00-00-900	29C1-1		287,606.00		
To record accrual for STIP funding receivable in prior years								
					393,550.12	393,550.12		
Net Income (Loss)			(22,049,829.22)					

4/5/2023
11:05 PM

Prepared by	Reviewed by	Reviewed by
MNR 4/5/2023	JBA 4/5/2023	

Appendix 3: New and Revised Accounting Standards

Standard	Summary	Effective Date
PS 1201 Financial Statement Presentation	This section establishes general reporting principles and standards for the disclosure of information in government financial statements.	Fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.
PS 2601 Foreign Currency Translation	This section establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements.	Fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.
PS 3041 Portfolio Investments	This section establishes standards on how to account for and report portfolio investments in government financial statements.	Fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.
PS 3450 Financial Instruments	This section establishes standards on how to account for and report all types of financial instruments including derivatives.	Fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.
PS 3280 Asset Retirement Obligations	This section establishes standards on how to account for and report legal obligations associated with the retirement of certain tangible capital assets and solid waste landfill sites.	Fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.
PS 3160 Public Private Partnerships	This section will establish standards on how to account for public private partnership agreements, specifically recognition and measurement of infrastructure assets and the corresponding financial liability.	Fiscal years beginning on or after April 1, 2023. Early adoption is permitted.

Municipal District of Lesser Slave River No. 124 – 2022 Audit Findings Report

<p>PS 3400 Revenue</p>	<p>This section will be updated to provide additional guidance regarding the timing of revenue recognition along with additional disclosure requirements.</p>	<p>Fiscal years beginning on or after April 1, 2023. Early adoption is permitted.</p>
<p>PSG-8 Purchased Intangibles</p>	<p>This guideline explains the scope of intangible assets now allowed to be recognized in financial statements.</p>	<p>Fiscal years beginning on or after April 1, 2023. Early adoption is <i>encouraged</i>.</p>

Appendix 4: PS 3280 – Asset Retirement Obligation

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ASSET RETIREMENT OBLIGATIONS



STEPS TOWARD IMPLEMENTING PS 3280

PS 3280 is a new accounting standard covering Asset Retirement Obligations (ARO). The standard must be applied by all public sector entities who prepare their financial statements under PSAB, including all Canadian municipalities effective fiscal years beginning on April 1, 2022.

Common asset retirement obligations have not previously been recognized by municipalities; such as obligations to retire buildings with asbestos or underground fuel storage tanks. The implementation of the standard will require municipalities to recognize obligations which were previously out of scope of accounting standards.

TIPS AND BEST PRACTISES

- Document all your work performed.
- Ensure your documentation is flexible to be adapted as required in subsequent procedures.
- Collaborate with other entities to obtain additional tips and potentially share costs.
- Be forward thinking! Each year your auditors require the liabilities to be updated and remeasured. Determine how you will be able to update the estimate and formalize it in a policy.
- Get started sooner rather than later. This is a significant assessment and leaving it to 2023 may not leave enough time and resources to complete.

STEP 1 – BUILD A TEAM

Before identifying and reviewing assets, the first step should be to assemble a cross-functional assessment team. Consider including:

- Finance and accounting personnel
- Public work or environmental services managers / foremen
- Engineers
- Legal counsel
- Councillors or Directors

Having individuals who are involved with the day-to-day operations may offer knowledge of assets missing from existing listings updated estimates based on actual usage, or retirement / decommissioning activities required.



STEP 2 – IDENTIFY ASSETS

Not all assets will have a retirement obligation or require decommissioning activities. It's important to identify the assets that should be subject to additional in-depth assessment for the extent and cost of remediation required (e.g., considering a building constructed in 2010 vs a building constructed in 1980 for further review). Including too many assets in subsequent assessments will create inefficiencies and slow the review process down. Ensure that all assets owned, either actively in use or retired, are included in the assessment process. The earlier the assets are identified the better. This will help avoid any last-minute assessments that may be incomplete due to the lack of time or resources.

STEP 3 – IDENTIFY LEGAL OBLIGATION

A critical component of PS 3280 is the requirement for a legal obligation to exist. While there will still be a requirement to report other sorts of liabilities, PS 3280 provides guidance for assets with a legal obligation to retire / decommission at the end of its useful life. For each asset identified, the assessment team will need to identify what the legal obligation originates from (e.g., provincial regulation, legal contract, promissory estoppel) and what sort of activities will be required.

STEP 4 – QUANTIFY, CALCULATE & RECORD

The last step of the process will be to quantify the cost of the obligation, calculate the present value of the liability, and to record it in the accounting records. The cost of the remediation activities should be derived from professional judgment and be based on the best estimates available. It should be noted that you should be able to support the estimate with other evidence (e.g., recent similar activities, publicly available cost estimates, quotes received). For all estimates, be prepared to provide support to your auditor! Support for the cost estimate may eventually require third-party consultation which may be costly and unbudgeted. It will be best to keep Council / Board members involved in this process.

Once cost estimates have been obtained and quantified, the present value of the liability will need to be calculated. This will require the assessment team to estimate the cost at the time of the assets retirement and record the present value of the future costs. This may be a complex calculation. The earlier the calculations are performed, the more they can be discussed and reviewed both internally with the assessment team as well as with your auditor. The present value will be the final cost that is recorded into the accounting records.

NEED MORE INFORMATION OR HELP?

CONTACT US: Metrix Group LLP

Jeff Alliston, CA, CPA, Partner

jalliston@metrixgroup.ca | t: 780-489-9606





Lesser Slave River

Request for Decision

Title:	Smith Community Library Accessibility
Date:	4/12/2023
Presented By:	Sandra Rendle, Community Services Coordinator
Attachments:	Smith Community Association Letter

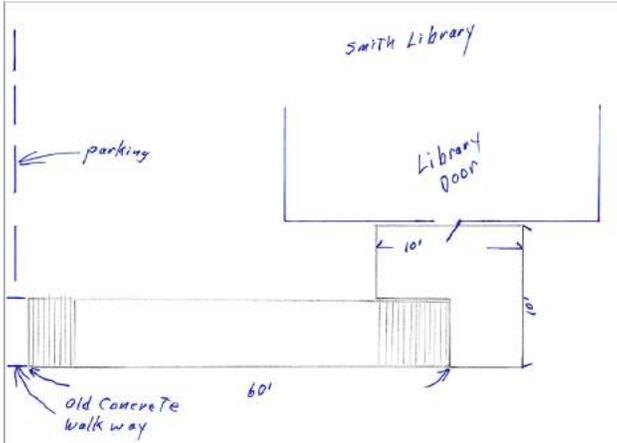
Proposed Motion	<p><i>Move to proceed with building and installing an accessible ramp on the Smith Community Library with the total costs not exceeding \$5,000.</i></p> <p><i>Further, provide the Smith Community Association with 2 loads of black dirt to be used for landscaping at the Smith Community Library.</i></p>
Administration’s Recommendation(s)	As proposed.

BACKGROUND:

Administration received a letter from the Smith Community Association regarding the accessibility to the Smith Community Library. Currently, there are three levels of sidewalk which is a tripping hazard and makes the library inaccessible to seniors and persons with disabilities.

Smith Community Association is also looking for a couple of loads of black dirt and grass seed for the north side of the library building, volunteers from the community are willing to landscape and do the physical labour once the dirt is provided.

Our building maintenance crew is proposing to build an accessible ramp incorporating a 10ft by 10ft and steps going to the south for picnic area access for the library as shown below:



Similar examples of accessible ramps are shown below:



Considering the current library building is near its end of life and the MD is considering a new multi-use facility including a new library in the future, this will provide a temporary solution to allow all users of the library easy access without a substantial investment into the building.

Estimated costs for the ramp include lumber and related supplies. This also includes the cost of any safety code permits required.

ALTERNATIVE OPTIONS:

1. Move to proceed with building and installing an accessible ramp on the Smith Community Library with the total costs not exceeding.

Further, provide the Smith Community Association with 2 loads of black dirt to be used for landscaping at the Smith Community Library.

2. Direct administration to bring back the Smith Community Library Accessibility to a COW Meeting for further discussion.
3. Move to accept the Smith Community Library Accessibility for information.

BENEFITS/RISKS:

Benefit: Increased accessibility for all users of the community library.

Risks: None

STRATEGIC ALIGNMENT:

Aligns with the requirement within the Alberta Building Code for barrier-free access.

FINANCIAL IMPLICATION:

Approx. \$5000 expense to be allocated to the facility maintenance operational budget.

OTHER CONSIDERATIONS:

N/A

COMMUNICATION STRATEGY:

After completion of the ramp, advertising of the new ramp and beautification of our Smith Community Library will be advertised on our social media and website.

Prepared By: Sandra Rendle, Community Services Coordinator
Reviewed By: Marilyn Gladue, Executive Assistant
Approved By: Barry Kolenosky
Chief Administrative Officer

Smith Hondo
Fawcett Lake
Broken Paddle



Otter Creek
Moose Portage
Mirror Landing

SMITH COMMUNITY ASSOCIATION
Box 24 SMITH ALBERTA T0G 2B0

M.D. of Lesser Slave River
P.O. Box 722
Slave Lake, Alberta
T0G 2A0

March 23, 2023

Attention: M.D. Council

RE: Smith Community Library Handicap Access

Currently Smith Community Library does not have handicap accessibility. There are three levels of sidewalk which are a tripping hazard as well as wheel chairs are incapable of using. To access the building there are also four steps and a normal size door.

The accessibility requirements in Alberta require reasonable access to all facilities to allow **ALL** (seniors and people with disabilities) the same opportunities for everyone to be active, independent and safe. This includes safe path of travels to the building that include but are not limited to doorways, ramps and pedestrian pathways such as hallways and emergency exits.

RE: Landscaping

Thanks to the M.D. maintenance crew who cut the stumps to ground level on the north side of the library last fall. We would like to take that a step further. It would improve the looks of the library yard greatly if the M.D. would provide a couple of loads of black dirt and grass seed for the north side of the library building. There are volunteers from the community who are willing to landscape and do the physical labour once the materials are provided.

Regards,

A handwritten signature in cursive script that reads "Pat Jolliffe".

Pat Jolliffe
Chair Person
Smith Community Association

cc- Slave Lake Regional Library Board
Ruth Reay – Smith Community Library