

April 22, 2024

Mayor and Council  
Town of Okotoks  
PO Box 20, STN Main  
Okotoks, AB T1S 1K1

Ladies and Gentlemen:

We have completed our audit of the financial statements of the Town of Okotoks for the year ended December 31, 2023. Our audit included consideration of internal control relevant to the preparation of the financial statements 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. Accordingly, our review of any given control was limited and would not disclose all weaknesses in the system or all matters which an in-depth study might indicate. As you know, the maintenance of an adequate system of internal controls is the responsibility of the Mayor and Council.

The following matters that we are reporting to you are limited to deficiencies identified during the audit that are of sufficient importance to merit being reported.

**Asset retirement obligations**

The Town adopted the new accounting standard PS 3280 Asset Retirement Obligations (ARO) during the year and has adjusted its tangible capital assets and ARO liability accordingly. As you know the determination of the liability required various estimates and assumptions to be made. If any of the estimates or assumptions change in the future, the ARO may need to be updated. In particular, since the ARO standard is brand new, it is likely that new information may come to light, or new interpretations of existing information may be made which could have a material impact on the recognition and measurement of the ARO.

**We recommend that the ARO liability be revisited in future years to ensure the latest information has been considered and the liability adjusted where necessary.**

This communication is prepared solely for the information of the Council members and management of the Town of Okotoks and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

We wish to emphasize that our discussion and recommendations are meant solely to bring to your attention areas where the accounting system and procedures could be improved and is in no way a reflection on the competence or integrity of the staff working at the Town of Okotoks.

We would like to thank Ralph, Allan and their team for their assistance during our audit. Thank you for the continuing opportunity to be of service to your organization and we look forward to serving you in the future. If you have any questions or concerns regarding our audit or any other issues with which you may require our assistance, please do not hesitate to contact us.

Thank you.

Yours truly,

AVAIL LLP