

# Town of Westlock

## Financial Statements

December 31, 2022

# Town of Westlock

December 31, 2022

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# Town of Westlock

## Management's Responsibility for Financial Reporting

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Management of the Town of Westlock is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Town's financial position as at December 31, 2022 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

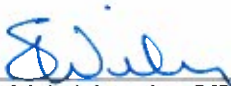
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Town Council carries out its responsibilities for review of the consolidated financial statements principally through its regular meetings of Council. Council meets regularly with management and with external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to Council with and without the presence of management. The Town Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Doyle & Company, Chartered Professional Accountants, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.



Chief Administrative Officer

Date:

Town of Westlock



Director of Finance

Date:

Town of Westlock

Edward Cheung, CPA, CA\*  
Scott T. Mockford, CPA, CA\*  
Allen Lee, CPA, CMA\*  
Jason Bondarevich, CPA, CA\*  
\*Operates as a Professional Corporation

11210 – 107 Avenue N.W.  
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## INDEPENDENT AUDITORS' REPORT

### To the Members of Council of the Town of Westlock

#### Opinion

We have audited the consolidated financial statements of the **Town of Westlock**, which comprise the statement of financial position as at December 31, 2022, and the results of its operations, changes in its net financial assets and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the **Town of Westlock** as at December 31, 2022, the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### Auditor's Responsibility for the Consolidated Financial Statements

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

## INDEPENDENT AUDITORS' REPORT – continued

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on Other Legal and Regulatory Requirements

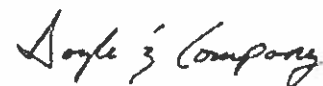
#### Debt Limit Regulation

In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation, a detailed account of the Town's debt limit can be found in note 7.

#### Supplementary Accounting Principles and Standards Regulation

In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 11.

March 27, 2023  
11210 107 Avenue NW  
Edmonton, Alberta T5H 0Y1



Chartered Professional Accountants

# Town of Westlock

## Consolidated Statement of Financial Position

December 31, 2022

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments, Note 2	\$ 8,915,914	\$ 7,916,068
Taxes receivable, Note 3	219,371	249,066
Trade and other receivables, Note 3	3,647,927	6,411,625
Land for resale inventory	519,888	546,148
Long term investments, Note 4	3,552,348	-
	<b>16,855,448</b>	<b>15,122,907</b>
<b>LIABILITIES</b>		
Account Payable and Accrued Liabilities	4,736,701	2,959,611
Employee benefit obligations, Note 5	211,447	235,634
Deposit liabilities	99,403	108,673
Deferred revenue, Note 19	3,051,761	3,672,370
Long term debt, Note 6	8,189,934	9,065,565
	<b>16,289,246</b>	<b>16,041,853</b>
<b>NET FINANCIAL ASSET (DEBT)</b>	<b>566,202</b>	<b>(918,946)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets, Schedule 2	60,079,323	62,475,639
Inventory for consumption	492,087	302,466
Prepaid expenses	31,691	22,561
	<b>60,603,101</b>	<b>62,800,666</b>
<b>ACCUMULATED SURPLUS (Schedule 1, Note 9)</b>	<b>\$ 61,169,303</b>	<b>\$ 61,881,720</b>

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

**Town of Westlock**  
**Consolidated Statement of Operations**  
**For the Year Ended December 31, 2022**

	Budget (Unaudited)	2022	2021
<b>REVENUE</b>			
Net municipal taxes, Schedule 3	\$ 7,375,326	\$ 7,344,058	\$ 7,198,732
User fees and sales of goods	5,698,402	5,186,454	4,518,265
Government transfers for operating, Schedule 4	1,300,490	1,276,938	1,623,692
Penalties and costs of taxes	108,000	313,447	423,191
Franchise Fees	1,483,632	1,438,398	1,237,861
License and Permits	111,700	138,319	121,697
Insurance recoveries	-	47,253	1,047
Investment income	98,000	252,581	96,002
Development Levies	-	(9,067)	-
Fines and Costs	52,500	29,767	29,915
Rental Revenue	413,358	411,949	434,875
Other revenue	8,084,725	3,849,655	2,763,655
<b>Total Revenue</b>	<b>24,726,133</b>	<b>20,279,752</b>	<b>18,448,932</b>
<b>EXPENSES</b>			
Legislative	334,434	335,002	297,119
Administration	9,970,380	6,212,317	2,364,615
Protective Services	1,452,299	1,441,060	1,505,364
Transportation Services	3,352,646	3,265,677	3,142,603
Water supply and distribution	2,740,738	2,704,176	2,559,519
Wastewater treatment and disposal	527,708	484,022	433,912
Waste management	558,182	518,178	640,993
Family and community support and Public Health	708,979	685,673	703,840
Land use planning, zoning, land and development	1,001,936	911,407	1,211,697
Parks and recreation	4,203,740	3,950,213	3,445,531
Culture	313,085	305,230	284,560
Loss on disposal of assets	-	28,333	-
<b>Total Expenses</b>	<b>25,164,127</b>	<b>20,841,288</b>	<b>16,589,753</b>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<b>(437,994)</b>	<b>(561,536)</b>	<b>1,859,179</b>
<b>OTHER</b>			
Government transfers for Capital, Schedule 4	5,264,802	2,017,659	7,761,882
Asset Contribution to Housing Authority, Note 17	-	(2,356,540)	-
Contributed tangible capital assets	-	188,000	-
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>4,826,808</b>	<b>(712,417)</b>	<b>9,621,061</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>-</b>	<b>61,881,720</b>	<b>52,260,659</b>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$ -</b>	<b>\$ 61,169,303</b>	<b>\$ 61,881,720</b>

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

# Town of Westlock

## Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2022

	Budget (Unaudited)	2022	2021
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<b>\$ 4,826,808</b>	<b>\$ (712,417)</b>	<b>\$ 9,621,061</b>
Purchase of tangible capital assets	(8,111,961)	(3,370,117)	(12,335,936)
Contributed tangible capital assets	-	(188,000)	-
Proceeds on disposal of tangible capital assets	617,080	627,080	-
Contribution of tangible capital assets to Housing Authority	2,356,540	2,356,540	-
Amortization of tangible assets	2,942,480	2,942,480	2,928,538
(Gain) loss on sale of tangible capital assets	-	28,333	-
	<b>2,630,947</b>	<b>1,683,899</b>	<b>213,663</b>
Use (acquisition) of supply inventories	-	(189,621)	(66,762)
Use (acquisition) of prepaid assets	-	(9,130)	20,220
<b>(INCREASE) DECREASE IN NET DEBT</b>	<b>2,630,947</b>	<b>1,485,148</b>	<b>167,121</b>
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<b>-</b>	<b>(918,946)</b>	<b>(1,086,067)</b>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<b>\$ 2,630,947</b>	<b>\$ 566,202</b>	<b>\$ (918,946)</b>

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



# Town of Westlock

## Consolidated Statement of Cash Flows

For the Year Ended December 31, 2022

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ (712,417)	\$ 9,621,061
Item not affecting cash		
Amortization of tangible capital assets	2,942,480	2,928,538
Tangible capital assets received as contributions	(188,000)	-
Contribution of Assets to Housing Authority	2,356,540	-
Loss (gain) on disposal of tangible capital assets	28,333	-
	4,426,936	12,549,599
Changes in non-cash working capital:		
Taxes and grants in place of taxes	29,695	89,312
Trade and other receivables	2,763,698	(3,971,317)
Inventory for consumption	(189,619)	(66,766)
Land held for resale	26,260	-
Prepaid expenses	(9,130)	20,220
Accounts payable and accrued liabilities	1,752,901	1,285,197
Deposit liabilities	(9,270)	4,267
Deferred revenue	(620,609)	(2,144,639)
Prepaid frontages	-	(318)
	8,170,862	7,765,555
Decrease (increase) on investments		
	(3,552,348)	-
Long term debt issued		
	700,000	1,675,000
Long term debt repaid		
	(1,575,631)	(1,245,077)
	(875,631)	429,923
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(3,370,117)	(12,327,223)
Sale of tangible capital assets	627,080	-
<b>NET CASH USED BY CAPITAL ACTIVITIES</b>		
	(2,743,037)	(12,327,223)
	999,846	(4,131,745)
	7,916,068	12,047,813
	\$ 8,915,914	\$ 7,916,068

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

# Town of Westlock

## Schedule of Changes in Accumulated Surplus, Schedule 1

For the Year Ended December 31, 2022

	Unrestricted Surplus	Restricted Surplus, Note 18	Equity in Tangible Capital Assets	2022	2021
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 2,657,383	\$ 5,814,263	\$ 53,410,074	\$ 61,881,720	\$ 52,260,659
Excess (deficiency) of revenues over expenses	(712,417)	-	-	(712,417)	9,621,061
Unrestricted funds designated for future use	(1,731,168)	1,731,168	-	-	-
Restricted funds used for tangible capital assets	-	(745,114)	745,114	-	-
Current year funds used for tangible capital assets	(1,888,105)	-	1,888,105	-	-
Assets contributed to Housing Authority	2,356,540	-	(2,356,540)	-	-
Restricted funds used for operating	215,200	(215,200)	-	-	-
Disposal of tangible capital assets	50,105	-	(50,105)	-	-
Annual amortization expense	2,942,480	-	(2,942,480)	-	-
Long term debt issued	700,000	-	(700,000)	-	-
Long term debt repaid	(1,537,535)	-	1,537,535	-	-
Contributed assets	(188,000)	-	188,000	-	-
Adjustments, prior year funds used in tangible capital assets	(169,686)	-	169,686	-	-
<b>Change in accumulated surplus</b>	37,414	770,854	(1,520,685)	(712,417)	9,621,061
<b>BALANCE, END OF YEAR</b>	\$ 2,694,797	\$ 6,585,117	\$ 51,889,389	\$ 61,169,303	\$ 61,881,720

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

# Town of Westlock

## Consolidated Schedule of Tangible Capital Assets, Schedule 2

For the Year Ended December 31, 2022

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2022	2021
<b>COST</b>								
BALANCE, BEGINNING OF YEAR	\$ 1,286,562	\$ 1,302,971	\$ 34,042,231	\$ 63,118,173	\$ 5,708,208	\$ 3,393,317	\$ 108,851,462	\$ 96,515,526
Acquisitions	139,500	245,768	-	630,375	209,939	86,893	1,312,475	12,219,831
Construction in Progress	-	169,686	1,870,075	-	-	-	2,039,761	116,105
Disposals of tangible capital assets	(264,999)	-	(5,234,552)	-	(30,036)	(44,037)	(5,573,624)	-
Contributed assets	-	-	-	-	58,000	130,000	188,000	-
<b>BALANCE, END OF YEAR</b>	<b>1,161,063</b>	<b>1,718,425</b>	<b>30,677,754</b>	<b>63,748,548</b>	<b>5,946,111</b>	<b>3,566,173</b>	<b>106,818,074</b>	<b>108,851,462</b>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	929,163	15,158,478	25,236,534	4,132,789	918,859	46,375,823	43,447,285
Annual Amortization	-	44,774	972,940	1,560,251	145,373	219,142	2,942,480	2,928,538
Accumulated amortization on disposals	-	-	(2,525,931)	-	(9,583)	(44,038)	(2,579,552)	-
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>973,937</b>	<b>13,605,487</b>	<b>26,796,785</b>	<b>4,268,579</b>	<b>1,093,963</b>	<b>46,738,751</b>	<b>46,375,823</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 1,161,063</b>	<b>\$ 744,488</b>	<b>\$ 17,072,267</b>	<b>\$ 36,951,763</b>	<b>\$ 1,677,532</b>	<b>\$ 2,472,210</b>	<b>\$ 60,079,323</b>	<b>\$ 62,475,639</b>

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

# Town of Westlock

## Consolidated Schedule of Property and Other Taxes, Schedule 3

For the Year Ended December 31, 2022

	Budget (Unaudited)	2022	2021
<b>TAXATION</b>			
Residential Taxes	\$ 5,475,226	\$ 5,459,858	\$ 5,369,253
Non-Residential Taxes	3,719,251	3,703,047	3,710,569
Grant in Place of Taxes	78,519	78,519	63,728
Linear Property Taxes	193,650	193,650	140,047
Special Assessments and Local Improvement Levies	44,946	44,540	44,858
Farmland	16,035	16,035	16,200
	<b>9,527,627</b>	<b>9,495,649</b>	<b>9,344,655</b>
<b>REQUISITIONS</b>			
School Board Foundations	1,789,443	1,789,443	1,787,624
Seniors Foundation	362,148	362,148	358,894
Designated Property Tax Requisition	710	-	(595)
	<b>2,152,301</b>	<b>2,151,591</b>	<b>2,145,923</b>
<b>NET MUNICIPAL TAXES</b>	<b>\$ 7,375,326</b>	<b>\$ 7,344,058</b>	<b>\$ 7,198,732</b>

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

# Town of Westlock

## Consolidated Schedule of Government Transfers, Schedule 4

For the Year Ended December 31, 2022

	Budget (Unaudited)	2022	2021
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	\$ 711,432	\$ 718,005	\$ 1,100,284
Other Local Governments	533,458	536,439	503,808
Federal Grants for Operating	55,600	22,494	19,600
	1,300,490	1,276,938	1,623,692
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	4,735,445	1,782,459	5,674,085
Federal Government	529,357	233,165	2,087,798
Other Local Governments	-	2,035	-
	5,264,802	2,017,659	7,761,883
<b>TOTAL GOVERNMENT TRANSFERS</b>	<b>\$ 6,565,292</b>	<b>\$ 3,294,597</b>	<b>\$ 9,385,575</b>

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

# Town of Westlock

## Consolidated Schedule of Expenses by Object, Schedule 5

For the Year Ended December 31, 2022

	Budget (Unaudited)	2022	2021
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 6,420,692	\$ 5,965,309	\$ 5,750,755
Contracted and general services	3,572,307	3,524,289	3,561,034
Materials, goods and utilities	3,436,631	3,296,025	3,103,264
Provision for allowances	3,000	220,857	-
Transfers to local boards and agencies	214,660	212,199	191,079
Interest and bank charges	21,830	27,494	15,722
Interest on Long Term Debt	288,655	298,000	268,874
Transfers to individuals and organizations	8,219,830	1,915,697	421,666
Amortization of tangible assets	2,942,480	2,942,480	2,928,538
Other operating expenses	44,042	2,410,605	348,821
Loss on disposal of tangible capital asset	-	28,333	-
	<b>\$ 25,164,127</b>	<b>\$ 20,841,288</b>	<b>\$ 16,589,753</b>

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

# Town of Westlock

## Consolidated Schedule of Segmented Disclosure, Schedule 6

For the Year Ended December 31, 2022

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Public Health & Welfare	2022	2021
Net municipal taxes	\$ 7,344,058	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,344,058	\$ 7,198,732
Government Transfers	55,860	247,403	1,730,196	31,517	748,397	-	481,224	3,294,597	9,385,574
User fees and sales of goods	11,010	44,159	145,224	260,437	446,391	4,122,935	156,298	5,186,454	4,518,265
Investment income	252,581	-	-	-	-	-	-	252,581	96,002
Contributed tangible capital assets	-	-	188,000	-	-	-	-	188,000	-
Other Revenue	5,810,545	49,079	(254,988)	126,934	431,055	13,766	14,997	6,191,388	5,012,243
	<b>13,474,054</b>	<b>340,641</b>	<b>1,808,432</b>	<b>418,888</b>	<b>1,625,843</b>	<b>4,136,701</b>	<b>652,519</b>	<b>22,457,078</b>	<b>26,210,816</b>
<b>EXPENSES</b>									
Salaries, wages and benefits	1,229,473	297,241	853,525	661,445	1,758,619	644,990	520,016	5,965,309	5,750,755
Contracted and general services	657,125	862,167	391,369	118,258	621,171	780,522	93,677	3,524,289	3,561,034
Materials, goods and utilities	90,071	115,963	639,308	39,227	687,607	1,682,768	41,080	3,296,024	3,103,263
Transfers to individual or local boards	4,078,331	57,700	56,056	-	183,960	80,150	28,239	4,484,436	612,745
Interest on Long Term Debt	-	11,438	35,086	48,072	156,414	46,991	-	298,001	268,874
Other expenses	232,392	2,311	-	37,258	13,821	16,592	42	302,416	364,542
	<b>6,287,392</b>	<b>1,346,820</b>	<b>1,975,344</b>	<b>904,260</b>	<b>3,421,592</b>	<b>3,252,013</b>	<b>683,054</b>	<b>17,870,475</b>	<b>13,661,213</b>
<b>NET REVENUE, BEFORE AMORTIZATION AND OTHER</b>	<b>7,186,662</b>	<b>(1,006,179)</b>	<b>(166,912)</b>	<b>(485,372)</b>	<b>(1,795,749)</b>	<b>884,688</b>	<b>(30,535)</b>	<b>4,586,603</b>	<b>12,549,603</b>
Amortization expense	259,923	94,241	1,290,333	7,147	833,852	454,364	2,620	2,942,480	2,928,539
Contributed assets	-	-	-	2,356,540	-	-	-	2,356,540	-
<b>NET REVENUE</b>	<b>\$ 6,926,739</b>	<b>\$ (1,100,420)</b>	<b>\$ (1,457,245)</b>	<b>\$ (2,849,059)</b>	<b>\$ (2,629,601)</b>	<b>\$ 430,324</b>	<b>\$ (33,155)</b>	<b>\$ (712,417)</b>	<b>\$ 9,621,064</b>
<b>2021 COMPARATIVE NET REVENUE</b>	<b>\$ 6,450,219</b>	<b>\$ (987,562)</b>	<b>\$ 6,636,632</b>	<b>\$ (968,527)</b>	<b>\$ (1,977,844)</b>	<b>\$ 419,570</b>	<b>\$ (51,424)</b>	<b>\$ 9,621,064</b>	

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

# Town of Westlock

## Notes to Consolidated Statements

For the Year Ended December 31, 2022

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Westlock are the representations of management prepared in accordance with public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

#### a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources. Included with the municipality are the following:

Westlock and District Family and Community Support Services

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

Interdepartmental and organizational transactions and balances are eliminated.

#### b) Basis of Accounting

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

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

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

#### c) Use of Estimates

The preparation of financial statements in conformity with the 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.



# Town of Westlock

## Notes to Consolidated Statements

For the Year Ended December 31, 2022

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### d) Valuation of Financial Assets and Liabilities

The town's financial assets and liabilities are measured as follows:

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Short-term investments	Amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Investments	Fair value and amortized cost
Loans receivable and debt charges recoverable	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term debt	Amortized cost

#### e) Long-term Debt

Long-term debt is initially recognized net of any premiums, discounts, fees and transaction costs with interest expense recognized using the effective interest method. Long-term debt is subsequently measured at amortized cost.

#### f) Investments

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transactions costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations.

Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments.

When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss

#### g) Requisition Over-levy and Under-levy

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

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

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

# Town of Westlock

## Notes to Consolidated Statements

For the Year Ended December 31, 2022

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### h) Inventories for Resale

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

#### i) Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

#### j) Asset Retirement Obligation

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

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

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

#### k) Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the town has the authority to claim or retain an inflow of economic resource and identifies a past transaction or event given rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which results in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

# Town of Westlock

## Notes to Consolidated Statements

For the Year Ended December 31, 2022

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### l) Prepaid Local Improvement Charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to a revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

#### m) Contaminated Sites Liability

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

#### n) Government Transfers

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

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

#### o) 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 consolidated Change in Net Financial Assets (Debt) for the year.

# Town of Westlock

## Notes to Consolidated Statements

For the Year Ended December 31, 2022

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### p) Tangible Capital Assets

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

Land Improvements	15 to 20 years
Buildings	25 to 50 years
Machinery and Equipment	5 to 20 years
Vehicles	3 to 20 years
Engineered Structures	
Water systems and waste water system	35 to 75 years
Other engineered structures	15 to 40 years

Amortization was charged at a rate of 50% in the year of acquisition. No amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

#### q) Contributions of Tangible Capital Assets

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

#### r) 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.

#### s) Inventory for Consumption

Inventories of materials and supplies for consumption are valued at the lower of cost or net realizable value.

### 2. CASH AND CASH EQUIVALENTS

	2022	2021
Investments - GIC's, Savings and Money Market Funds	\$ 4,896,893	\$ 578,288
Bank accounts	4,015,291	7,331,750
Petty Cash, Floats, Spirit Centre ATM	3,730	6,030
	<b>\$ 8,915,914</b>	<b>\$ 7,916,068</b>

Short-term investments are short-term deposits with original maturities of three months or less which are an integral part of the town's cash management.

# Town of Westlock

## Notes to Consolidated Statements

For the Year Ended December 31, 2022

### 3. RECEIVABLES

	2022	2021
<b>Property Taxes</b>		
Current taxes and grants in place of taxes	\$ 207,888	\$ 458,487
Arrears taxes	291,916	38,348
Allowance for doubtful accounts	(288,257)	(247,769)
Education Requisition Under-Levy	7,824	-
	<b>\$ 219,371</b>	<b>\$ 249,066</b>
<b>Other</b>		
Trade Accounts	3,560,430	3,396,477
GST Receivable	85,549	153,752
Due from Other Governments	882,739	3,293,945
Allowance for doubtful accounts	(880,791)	(432,549)
	<b>3,647,927</b>	<b>6,411,625</b>
	<b>\$ 3,867,298</b>	<b>\$ 6,660,691</b>

### 4. INVESTMENTS

Investment income recognized in the statement of operations includes \$70,094. Investments consist of the following:

	2022	2021
<b>Equity Investments</b>		
Fixed income GICs maturing in 2024, interest rate of 1.31%	\$ 487,766	\$ -
Fixed income GIC's maturing in 2025, Interest rates of 4.3%-4.6%	2,042,333	-
Fixed income GICs maturing in 2027, interest rates of 4.55%-4.63%	1,022,249	-
<b>Total investments</b>	<b>\$ 3,552,348</b>	<b>\$ -</b>

### 5. EMPLOYEE BENEFIT OBLIGATIONS

	2022	2021
Vacation and overtime	\$ 211,447	\$ 235,634

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 or are entitled to these benefits within the next budgetary year.

# Town of Westlock

## Notes to Consolidated Statements

For the Year Ended December 31, 2022

### 6. LONG TERM DEBT

	2022	2021
Tax and utility supported debentures due to Alberta Finance	\$ 7,622,261	\$ 8,459,797
Tax and utility supported loans due to Enmax Energy	567,673	605,768
	<b>\$ 8,189,934</b>	<b>\$ 9,065,565</b>

The current portion of the long term debt amounts to Alberta Finance \$1,231,111 and Enmax \$55,748.

Principal and interest repayment terms are as follows:

	Principal	Interest	Total
2023	\$ 1,045,713	\$ 241,146	\$ 1,286,859
2024	973,487	216,166	1,189,653
2025	900,865	191,584	1,092,449
2026	812,412	166,590	979,002
2027	704,052	161,503	865,555
Thereafter	3,753,405	473,019	4,226,424
	<b>\$ 8,189,934</b>	<b>\$ 1,450,008</b>	<b>\$ 9,639,942</b>

Debenture debt is repayable to the Alberta Finance and Enmax and bears interest at rates ranging from 0.815% to 4.69% per annum and matures in periods 2024 through 2043.

Debenture debt is issued on the credit and security of the Town of Westlock at large. The Town's total cash payments for Interest on long term debt amounted to \$248,309 (2021-\$268,874).

### 7. 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 Town of Westlock be disclosed as follows:

	2022	2021
Total debt limit	\$ 30,419,628	\$ 27,673,398
Total debt	8,189,934	9,065,565
Amount of debt limit unused	<b>22,229,694</b>	18,607,833
Debt servicing limit	5,069,938	4,612,233
Debt servicing used	1,286,859	1,280,572
Amount of debt servicing limit unused	<b>\$ 3,783,079</b>	\$ 3,331,661

# Town of Westlock

## Notes to Consolidated Statements

For the Year Ended December 31, 2022

### 7. DEBT LIMITS

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.

In 2021 the total revenue included one time items in operating revenue that represent billings for the 108 Street construction for the removal of contaminated soils and a contractual partnership with private business with an amortization period of 5 years for their portion of the project, both amounts totaling \$2.4 million that are impacting the total debt limit and the debt service limit.

### 8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2022	2021
Tangible capital assets, Schedule 2	\$ 106,818,074	\$ 108,851,462
Accumulated amortization, Schedule 2	(46,738,751)	(46,375,823)
Long term debt, Note 6	(8,189,934)	(9,065,565)
	<b>\$ 51,889,389</b>	<b>\$ 53,410,074</b>

### 9. ACCUMULATED SURPLUS

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

	2022	2021
Unrestricted Surplus	\$ 2,694,797	\$ 2,657,383
Reserves, Note 18	6,585,117	5,814,263
Equity in tangible capital assets, Note 8	51,889,389	53,410,074
	<b>\$ 61,169,303</b>	<b>\$ 61,881,720</b>

### 10. SEGMENTED DISCLOSURE

The Town of Westlock provides a range of services to its ratepayers. For each reported segment, revenue 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 6). Revenues for the activities are allocated as

# Town of Westlock

## Notes to Consolidated Statements

For the Year Ended December 31, 2022

### 10. SEGMENTED DISCLOSURE

follows:

Taxation:	Allocated to General Government
Sale of Service:	Allocated to segment based on service and to general government if not specific
Grants:	Allocated to segment based on service provided and to general government if not specific
Interest:	Allocated to general government

The nature of the segments and the activities they encompass are as follows:

**General Government** - This function consists of expenditures which are made primarily to operate the municipality rather than provide services, such as the operation of the governing body, handling of finance and similar items which are common to or affect all of the services provided by the municipality.

**Legislative Services** - This function encompasses activities for Mayor and Council for the benefit of the municipality as a whole.

**Administration** - This function encompasses all activities required primarily to administer the municipality as a whole rather than to provide services, although it does include municipal offices services provided to the public. This function includes the CAO, and administration services, including safety, human resources, accounting activities, property taxation and assessment, finance, municipal census, external auditing, municipal memberships, public liability insurance, general administration and record services.

**Protective Services** - This category of functions provide for the public safety of citizens, currently, in three main programs, Fire, Emergency Services and Community Enforcement.

**Fire Protection Services** - This function embodies all activities required to provide fire protection and prevention for the municipality, either through its own fire fighting force and through joint service arrangements with neighbouring communities. Expenditures include all fire fighting, investigations, prevention programs, training programs, fire hall repairs and maintenance, fire equipment acquisition and repairs, and the costs associated with the volunteer fire fighters.

**Emergency Measures and Disaster Services** - This function includes all activities required to plan and carry out various emergency measures connected with preparation for and handling of disasters of all kinds.

**Community Enforcement** - This function includes all activities required to provide protection of persons and property which have not been included in any of the above protective service functions. Typical types of activities include building, parking and traffic bylaw enforcement, animal control and weed control.

**Transportation Services** - This category of functions consists of expenditures which are made in connection with public transportation services and includes construction and maintenance of roads, streets and laneways and related facilities such as storm drainage systems, fleet services, street lighting, traffic services, and public transit. As well, this category is responsible for the administration and engineering costs associated with these services and facilities.



# Town of Westlock

## Notes to Consolidated Statements

For the Year Ended December 31, 2022

### 10. SEGMENTED DISCLOSURE

**Common Services** - This function includes those activities which relate to or benefit several transportation facilities. The activities include the engineering services, buildings, yards, workshops and garages as well as the overall administration of the transportation service.

**Road Transportation** - This function includes all activities required to provide for roads, streets, laneways, snow clearing, street lighting, traffic signals and sidewalks. This function also includes expenses incurred in maintaining public parking facilities.

**Fleet and Equipment Pool** - This function includes fuel, insurance, repairs and maintenance for a central pool of equipment and vehicles used as required by all departments within the municipality.

**Airport Services** - This function includes an annual contribution to the Westlock Airport to Westlock County for the operation of the hangar, runway and other facilities and structures of the system.

**Public Transit** - This function includes all activities involved in the operation of the Community Assistance Bus. The expenditures would typically include administration of the service, operators, fuel and maintenance.

**Storm Sewers and Drainage** - This function includes the activities involved in providing and maintaining a system of storm sewers and drainage facilities for the municipality. The expenses include maintenance, ditching, cleaning, flushing, and any other associated activity.

**Environmental Services** - This category of function consists of programs which provide utility services in the municipality which come under rigid environmental controls.

**Water Supply and Distribution** - This function covers the water utility operations including the purchasing treated water from the Westlock Regional Water Services Commission, utility billing and collection services, provisioning of the water supply through transmission lines and reservoir systems, and repairs and maintenance to the system. This function is self sustaining as it is maintained solely from the utility billings which includes a reserve for future capital plans and debt repayment.

**Sanitary Sewer Service and Treatment** - This function includes all activities for the collection, treatment and disposal of sanitary sewage. Expenses include all administration, operation and maintenance of lagoons, lift station, lines, structures and equipment as appropriate for this function. This function is self sustaining as it is maintained solely from the utility billings which includes a reserve for future capital plans and debt repayment.

**Garbage Collection and Disposal** - This function covers all activities involved in the collection and disposal of garbage, recycling and organics. Administration (including billing and collection), contracted services, tipping, and maintaining a building are included in this activity.

# Town of Westlock

## Notes to Consolidated Statements

For the Year Ended December 31, 2022

### 10. SEGMENTED DISCLOSURE

**Other (Public Health and Community Wellness)** - This category of functions include expenditures which are incurred to carry out services relating to the health of individuals.

Family and Community Support Services - This function includes activities in developing community awareness to strengthen and preserve human initiative and preclude individual or family breakdown. This includes activities such as parent and child development, fetal alcohol spectrum disorder programming, youth and senior programming and any other associated activities which may be considered primarily as social and health services rather than cultural services.

Cemetery - This function covers all activities associated with the administration, maintenance and operation of the municipal cemetery, including grave opening and closings, columbariums, and perpetual care of the gravesites.

**Planning and Development Services** - This category of functions consists of programs which are undertaken for the physical development of the municipality.

Municipal Planning and Development - The function is intended for activities involving regional and municipal planning commissions, a development appeal board, development control officers, any research or studies involving planning, permits, building inspections, administration and other activities relating to development projects being done.

Economic Development and Tourism - The function includes activities related to the promotion of the municipality to external groups and individuals through advertising, Visitor Information Centre that provides information about the municipality and related activities associated with the promotion of the municipality.

Subdivision Land and Developments - Where the municipality is involved in the holding of land for resale, this function is intended to encompass all activities relating to the development and sale of such lands.

**Recreation and Cultural Services** - This function covers services of social and cultural nature. Program costs are segregated from the related expenditure on facilities using subfunctions where programs are carried out.

Recreation/Parks Facilities and Programs - Facilities maintained in this category are the Westlock Rotary Spirit Centre, Westlock Aquatic Centre, municipal parks and sport fields, and the programming that occurs at all sites. The expenditures include activities related to the conducting of activities for recreation such as facility and equipment repairs and maintenance, maintenance of outdoor spaces, walking trail maintenance, health and fitness programming.

Culture: Library and Museum - This function covers the municipal contribution to the Westlock Regional Library and Yellowhead Regional Library membership by which the Regional Library accesses its book collection. The municipality also owns the buildings occupied by the Westlock Regional Library and the Pioneer Museum and is responsible for the expenses related to insurance, repairs and maintenance of the buildings.

# Town of Westlock

## Notes to Consolidated Statements

For the Year Ended December 31, 2022

### 11. SALARY AND BENEFIT DISCLOSURE

	Salary <sup>1</sup>	Benefits & Allowances <sup>2,3</sup>	2022	2021
Mayor Ralph Leriger	\$ 43,960	\$ 6,123	\$ 50,083	\$ 48,559
Councillors:				
Clem Fagnan, 10 months	-	-	-	23,367
Murtaza Jamaly	28,966	6,123	35,089	31,438
Abby Keyes	27,437	6,013	33,450	5,458
Johnathan Kramer	28,905	6,284	35,189	6,267
Laura Morie	26,036	2,116	28,152	5,693
John Shoemaker, 10 months	-	-	-	19,856
Curtis Snell	26,934	6,123	33,057	33,299
David Truckey, 10 months	-	-	-	26,497
Randy Wold	26,938	6,123	33,061	31,352
	\$ 209,176	\$ 38,905	\$ 248,081	\$ 231,786
Chief Administrative Officer	\$ 177,970	\$ 24,971	\$ 202,941	\$ 198,362
Designated officers - 3 positions	\$ 286,471	\$ 42,539	\$ 329,010	\$ 292,265

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, health spending account, professional memberships and tuition.
3. Benefits and allowances figures also include the employers share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

### 12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

	2022	2021
Current service contributions by Employer	\$ 319,563	\$ 333,330
Current service contributions by Employee	<u>286,496</u>	<u>308,089</u>
	<u>\$ 606,059</u>	<u>\$ 641,419</u>

# Town of Westlock

## Notes to Consolidated Statements

For the Year Ended December 31, 2022

### 12. LOCAL AUTHORITIES PENSION PLAN

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

Total current service contributions by the town to the LAPP in 2023 were \$61,484. Total current service contributions by the employees of the town to the LAPP including buybacks in 2023 were \$54,799.

At December 31, 2021 the LAPP disclosed an actuarial surplus of \$11.9 billion.

### 13. CONTINGENCIES

The Town of Westlock is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Town of Westlock 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.

### 14. FINANCIAL INSTRUMENTS

The Town of Westlock's financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, deposit liabilities and long term debt. It is management's opinion that the Town of Westlock is not exposed to significant interest or currency risks arising from these financial instruments.

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

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

### 15. MEASUREMENT OF UNCERTAINTY

The preparation of consolidated financial statements in conformity with Canadian Accounting Standards for Public Sector Accounting Board requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of the tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the revenue or expenses in the period in which they become known. Actual results could differ from those estimates.

# Town of Westlock

## Notes to Consolidated Statements

For the Year Ended December 31, 2022

### 16. COMMITMENTS

The Town is committed to purchasing \$1,534,000 of water in 2023 from the Westlock Regional Water Commission in accordance with Schedule A of the Water Supply Agreement. Future volume commitments are agreed on each year by way of a letter from the Town to the Westlock Regional Water Commission. Future pricing will not be lower than the current rate of \$2.60 per cubic meter.

The Town is also committed to an operating leases on office equipment as follows:

	Annual Commitment	Total Remaining	Expiry
Xerox - Photocopiers	\$19,083	\$ 76,334	2027
Pitney Bowes, Office equipment, and maintenance services	\$7,086	\$ 28,345	2026
<b>Total</b>		<b>\$ 104,679</b>	

### 17. CONTRIBUTED ASSETS

Included in contributed assets valued at \$188,000 were 2015 Peterbilt, John Deere 5085E tractor, and John Deere XUV550 side by side vehicle.

In 2021, the Town of Westlock entered into an agreement with Homeland Housing to transfer Westlock Place, a 24 unit affordable housing unit. The transfer of the asset was approved by the Provincial Government due to the original grant provided to the Town for the construction. Homeland Housing agreed to pay the Town the amount outstanding on the debenture for Westlock Place and a portion of the early payment penalty. The transfer took place in January 2022.

### 18. RESTRICTED SURPLUS

	2022	2021
Building Reserve	\$ 839,350	\$ 657,000
Cemetery Reserve	138,015	135,615
Emergency Equipment Reserve	278,135	291,955
Environmental Surcharge Reserve	440,670	492,256
General Operating Reserve	430,666	331,945
Infrastructure Surcharge Reserve	1,139,150	1,187,251
Land Development Reserve	82,619	9,042
Machinery/Fleet Replacement Reserve	93,316	(53,600)
Municipal Parkland Reserve	-	-
Recreation Reserve	221,546	60,960
Storm Sewer Reserve	28,403	14,403
Street Construction Reserve	650,918	570,918
Utility Offsite Levy Reserve	(9,067)	-
Water/Sewer Reserve	2,251,396	2,116,518
<b>Total</b>	<b>\$ 6,585,117</b>	<b>\$ 5,814,263</b>

# Town of Westlock

## Notes to Consolidated Statements

For the Year Ended December 31, 2022

### 19. DEFERRED REVENUE

	2022	2021
<b>Deferred Revenue</b>		
Municipal Sustainability Initiative Capital	\$ 1,752,152	\$ 2,086,966
Canadian Community Building Grant (Formerly Gas Tax Fund Grant)	1,090,599	990,859
Other Capital Grants	-	305,489
Other Operating Grants	23,327	36,926
Donations	-	1,567
Recreation Deferred Revenue	116,686	87,655
Westlock Regional Waste over (under) collection of requisition	(11,964)	1,694
	<b>2,970,800</b>	<b>3,511,156</b>
<b>FCSS - Deferred Revenue</b>		
Provincial FCSS Grant	15,676	111,137
Municipal Partner Contributions	3,919	3,626
Outreach	1,900	-
Homeless Coalition	14,000	-
Christmas Spirit/Santa's Anonymous	32,869	31,653
Caring for Kids/Families	6,279	8,480
FASD	2,318	2,318
Youth Programming	4,000	4,000
	<b>80,961</b>	<b>161,214</b>
<b>Total</b>	<b>\$ 3,051,761</b>	<b>\$ 3,672,370</b>

### 20. CONTAMINATED SITES LIABILITY

The Town adopted PS3260 Liability for Contaminated Sites. The town did not identify any financial liabilities in 2022 (2021 - nil) as a result of this standard.

The Town currently owns land in Westlock County that is a closed landfill site. The town engaged a consultant in 2022 and they have completed a study on closure and post-closure liability. The town is awaiting the final recommendations from the consultant and will review the study for to establish a liability once it can be reasonably determined.

### 21. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.