

Town of Westlock

Financial Statements

December 31, 2024

Town of Westlock

December 31, 2024

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Financial Statements

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Town of Westlock

Management's Responsibility for Financial Reporting

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, 2024 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

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.
Edmonton, Alberta T5H 0Y1
Tel (780) 452-2300, Fax (780) 452-2335

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 consolidated statement of financial position as at December 31, 2024;
- The consolidated statement of operations and accumulated surplus for the year then ended;
- The consolidated statement of changes in net financial assets for the year then ended;
- The consolidated statement of cash flows for the year then ended; and
- Notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the **Town of Westlock** as at December 31, 2024, and its consolidated results of operations, its consolidated changes in its net financial assets and its consolidated 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.

Other Information

Management is responsible for the other information. Other information comprises the information, other than the consolidated financial statements and auditor's report thereon, included in the "Annual Report."

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report therein, included in the "Annual Report," as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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.

INDEPENDENT AUDITORS' REPORT – continued

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 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 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.
- 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.

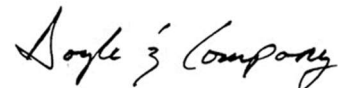
Report on Other Legal and Regulatory Requirements

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 8.

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 12.



April 14, 2025
11210 107 Avenue NW
Edmonton, Alberta T5H 0Y1

Chartered Professional Accountants

Town of Westlock

Consolidated Statement of Financial Position

December 31, 2024

| | 2024 | 2023 |
|--|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash and temporary investments, Note 2 | \$ 5,544,317 | \$ 6,143,002 |
| Taxes receivable, Note 3 | 186,671 | 121,079 |
| Trade and other receivables, Note 3 | 2,511,324 | 1,571,054 |
| Land for resale inventory | 1,242,938 | 732,149 |
| Long term investments, Note 4 | 1,530,848 | 5,334,813 |
| | 11,016,098 | 13,902,097 |
| LIABILITIES | | |
| Account Payable and Accrued Liabilities | 2,361,292 | 3,711,560 |
| Employee benefit obligations, Note 5 | 212,092 | 187,071 |
| Deposit liabilities | 72,731 | 94,403 |
| Deferred revenue, Note 19 | 1,920,887 | 1,629,961 |
| Asset retirement obligation, Note 6 | 480,800 | 478,400 |
| Contaminated site liability, Note 20 | 100,381 | 55,768 |
| Long term debt, Note 7 | 7,992,942 | 7,144,221 |
| | 13,141,125 | 13,301,384 |
| NET FINANCIAL ASSET (DEBT) | (2,125,027) | 600,713 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets, Schedule 2 | 65,392,393 | 61,994,551 |
| Inventory for consumption | 254,702 | 537,000 |
| Prepaid expenses | 122,923 | 59,181 |
| | 65,770,018 | 62,590,732 |
| ACCUMULATED SURPLUS (Schedule 1, Note 10) | \$ 63,644,991 | \$ 63,191,445 |

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

Town of Westlock

Consolidated Statement of Operations

For the Year Ended December 31, 2024

| | Budget (Unaudited) | 2024 | 2023 |
|---|-----------------------|----------------------|----------------------|
| REVENUE | | | |
| Net municipal taxes, Schedule 3 | \$ 7,892,743 | \$ 7,873,139 | \$ 7,633,901 |
| User fees and sales of goods | 5,285,040 | 5,243,690 | 5,318,212 |
| Operating government transfers, Schedule 4 | 1,498,525 | 1,479,209 | 1,144,582 |
| Penalties and costs of taxes | 111,000 | 101,537 | 147,050 |
| Franchise Fees | 1,707,814 | 1,744,548 | 1,461,803 |
| License and Permits | 119,600 | 150,341 | 134,844 |
| Insurance recoveries | - | 111,804 | 57,515 |
| Investment income | 450,000 | 487,997 | 485,030 |
| Fines and Costs | 27,500 | 20,327 | 27,007 |
| Rental Revenue | 436,125 | 521,492 | 459,501 |
| Other revenue | 625,401 | 685,514 | (115,918) |
| Total Revenue | 18,153,748 | 18,419,598 | 16,753,527 |
| EXPENSES | | | |
| Legislative | 372,176 | 394,336 | 363,487 |
| Administration | 2,595,758 | 2,801,378 | 2,062,862 |
| Protective Services | 1,086,574 | 1,023,530 | 1,274,164 |
| Transportation Services | 3,562,483 | 3,635,813 | 3,597,415 |
| Water supply and distribution | 2,888,887 | 3,058,343 | 2,809,766 |
| Wastewater treatment and disposal | 559,107 | 457,284 | 464,164 |
| Waste management | 613,061 | 655,138 | 581,789 |
| Family and community support and Public Health | 679,011 | 754,129 | 650,072 |
| Land use planning, zoning, land and development | 1,312,457 | 1,224,487 | 1,526,162 |
| Parks and recreation | 4,723,689 | 4,579,880 | 4,218,655 |
| Culture | 329,964 | 324,912 | 310,773 |
| Loss on disposal of assets | | 36,345 | - |
| Total Expenses | 18,723,167 | 18,945,575 | 17,859,309 |
| EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER | (569,419) | (525,977) | (1,105,782) |
| OTHER | | | |
| Capital government transfers, Schedule 4 | 5,264,802 | 979,523 | 3,127,924 |
| EXCESS OF REVENUE OVER EXPENDITURES | 4,695,383 | 453,546 | 2,022,142 |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | - | 63,191,445 | 61,169,303 |
| ACCUMULATED SURPLUS - END OF YEAR | \$ - | \$ 63,644,991 | \$ 63,191,445 |

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, 2024

| | Budget (Unaudited) | 2024 | 2023 |
|---|-----------------------|-----------------------|---------------------|
| EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES | \$ 4,695,383 | \$ 453,546 | \$ 2,022,142 |
| Purchase of tangible capital assets | - | (6,497,445) | (5,370,194) |
| Proceeds on disposal of tangible capital assets | - | 15,000 | - |
| Amortization of tangible assets | 3,048,259 | 3,048,258 | 3,454,966 |
| (Gain) loss on sale of tangible capital assets | - | 36,345 | - |
| | 7,743,642 | (2,944,296) | 106,914 |
| Use (acquisition) of supply inventories | - | 282,298 | (44,913) |
| Use (acquisition) of prepaid assets | - | (63,742) | (27,490) |
| (INCREASE) DECREASE IN NET DEBT | 7,743,642 | (2,725,740) | 34,511 |
| NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR | - | 600,713 | 566,202 |
| NET FINANCIAL ASSETS (DEBT), END OF YEAR | \$ 7,743,642 | \$ (2,125,027) | \$ 600,713 |

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, 2024

| | 2024 | 2023 |
|--|--------------------|--------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenses | \$ 453,546 | \$ 2,222,894 |
| Item not affecting cash | | |
| Amortization of tangible capital assets | 3,048,259 | 3,454,966 |
| Loss (gain) on disposal of tangible capital assets | 36,345 | - |
| | 3,538,150 | 5,677,860 |
| Non-cash charges to operations (net changes) | | |
| Taxes and grants in place of taxes | (65,592) | 98,292 |
| Trade and other receivables | (940,270) | 2,076,873 |
| Inventory for consumption | 282,298 | (44,913) |
| Land held for resale | (510,789) | (212,261) |
| Prepaid expenses | (63,742) | (27,490) |
| Accounts payable and accrued liabilities | (1,325,247) | (1,250,269) |
| Deposit liabilities | (21,672) | (5,000) |
| Deferred revenue | 290,926 | (1,421,800) |
| Asset retirement obligation | 2,400 | 478,400 |
| Contaminated site liability | 44,613 | 55,768 |
| | 1,231,075 | 5,425,460 |
| Decrease (increase) on investments | 3,803,965 | (1,782,465) |
| Long term debt issued | 1,822,209 | - |
| Long term debt repaid | (973,488) | (1,045,713) |
| | 848,721 | (1,045,713) |
| CAPITAL ACTIVITIES | | |
| Acquisition of tangible capital assets | (6,497,446) | (5,370,194) |
| Sale of tangible capital assets | 15,000 | - |
| NET CASH USED BY CAPITAL ACTIVITIES | (6,482,446) | (5,370,194) |
| | (598,685) | (2,772,912) |
| | 6,143,002 | 8,915,914 |
| | \$ 5,544,317 | \$ 6,143,002 |

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, 2024

| | Unrestricted Surplus | Restricted Surplus, Note 18 | Equity in Tangible Capital Assets | 2024 | 2023 |
|---|-------------------------|--------------------------------|---|----------------------|----------------------|
| BALANCE, BEGINNING OF YEAR | \$ 2,995,950 | \$ 5,823,565 | \$ 54,371,930 | \$ 63,191,445 | \$ 61,169,303 |
| Excess (deficiency) of revenues over expenses | 453,546 | - | - | 453,546 | 2,022,142 |
| Unrestricted funds designated for future use | (1,706,040) | 1,706,040 | - | - | - |
| Restricted funds used for tangible capital assets | - | (3,690,479) | 3,690,479 | - | - |
| Current year funds used for tangible capital assets | (2,806,966) | - | 2,806,966 | - | - |
| Restricted funds used for operating | 190,607 | (190,607) | - | - | - |
| Disposal of tangible capital assets | 51,344 | - | (51,344) | - | - |
| Annual amortization expense | 3,048,259 | - | (3,048,259) | - | - |
| Long term debt issued | 1,399,449 | - | (1,399,449) | - | - |
| Long term debt repaid | (973,488) | - | 973,488 | - | - |
| Asset retirement obligation accretion expense | 2,400 | - | (2,400) | - | - |
| Change in accumulated surplus (deficit) | (340,889) | (2,175,046) | 2,969,481 | 453,546 | 2,022,142 |
| BALANCE, END OF YEAR | \$ 2,655,061 | \$ 3,648,519 | \$ 57,341,411 | \$ 63,644,991 | \$ 63,191,445 |

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, 2024

| | Land | Land Improvements | Buildings | Engineered Structures | Machinery & Equipment | Vehicles | 2024 | 2023 |
|--|---------------------|----------------------|----------------------|--------------------------|--------------------------|--------------------|----------------------|----------------------|
| COST | | | | | | | | |
| BALANCE, BEGINNING OF YEAR | \$ 1,161,063 | \$ 1,972,493 | \$ 34,043,580 | \$ 64,754,874 | \$ 6,576,003 | \$3,680,255 | \$ 112,188,268 | \$106,818,074 |
| Acquisitions | 6,741 | 701,804 | 1,038,487 | 4,235,618 | 410,708 | 104,087 | 6,497,445 | 1,978,736 |
| Construction in Progress | - | - | - | - | - | - | - | 2,915,458 |
| Disposals of tangible capital assets | - | - | - | (12,299) | (108,095) | - | (120,394) | - |
| Adjustments | - | - | - | - | - | - | - | 476,000 |
| BALANCE, END OF YEAR | 1,167,804 | 2,674,297 | 35,082,067 | 68,978,193 | 6,878,616 | 3,784,342 | 118,565,319 | 112,188,268 |
| ACCUMULATED AMORTIZATION: | | | | | | | | |
| BALANCE, BEGINNING OF YEAR | - | 1,033,825 | 15,006,793 | 28,353,441 | 4,476,363 | 1,323,295 | 50,193,717 | 46,738,751 |
| Annual Amortization | - | 72,124 | 857,950 | 1,632,363 | 245,581 | 240,240 | 3,048,258 | 2,990,966 |
| Accumulated amortization on disposals | - | - | - | (12,299) | (56,750) | - | (69,049) | - |
| Adjustments | - | - | - | - | - | - | - | 464,000 |
| BALANCE, END OF YEAR | - | 1,105,949 | 15,864,743 | 29,973,505 | 4,665,194 | 1,563,535 | 53,172,926 | 50,193,717 |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | \$ 1,167,804 | \$ 1,568,348 | \$ 19,217,324 | \$ 39,004,688 | \$ 2,213,422 | \$2,220,807 | \$ 65,392,393 | \$ 61,994,551 |

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, 2024

| | Budget (Unaudited) | 2024 | 2023 |
|--|-----------------------|---------------------|---------------------|
| TAXATION | | | |
| Residential Taxes | \$ 5,764,402 | \$ 5,760,996 | \$ 5,592,883 |
| Non-Residential Taxes | 3,902,541 | 3,886,272 | 3,781,657 |
| Grant in Place of Taxes | 80,012 | 80,012 | 77,223 |
| Linear Property Taxes | 222,543 | 222,232 | 194,167 |
| Special Assessments and Local Improvement Levies | 44,946 | 44,540 | 44,540 |
| Farmland | 14,541 | 14,541 | 13,817 |
| | 10,028,985 | 10,008,593 | 9,704,287 |
| REQUISITIONS | | | |
| School Board Foundations | 1,744,019 | 1,744,019 | 1,692,580 |
| Seniors Foundation | 391,435 | 391,435 | 377,806 |
| Designated Property Tax Requisition | 788 | - | - |
| | 2,136,242 | 2,135,454 | 2,070,386 |
| NET MUNICIPAL TAXES | \$ 7,892,743 | \$ 7,873,139 | \$ 7,633,901 |

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, 2024

| | Budget (Unaudited) | 2024 | 2023 |
|-----------------------------------|-----------------------|--------------|--------------|
| TRANSFERS FOR OPERATING | | | |
| Provincial Government | \$ 640,386 | \$ 675,435 | \$ 558,687 |
| Other Local Governments | 561,039 | 551,020 | 513,360 |
| Federal Grants for Operating | 297,100 | 252,754 | 72,535 |
| | 1,498,525 | 1,479,209 | 1,144,582 |
| TRANSFERS FOR CAPITAL | | | |
| Provincial Government | 4,735,445 | 640,065 | 2,452,124 |
| Federal Government | 529,357 | 339,458 | 675,800 |
| | 5,264,802 | 979,523 | 3,127,924 |
| TOTAL GOVERNMENT TRANSFERS | \$ 6,763,327 | \$ 2,458,732 | \$ 4,272,506 |

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, 2024

| | Budget (Unaudited) | 2024 | 2023 |
|--|-----------------------|----------------------|----------------------|
| CONSOLIDATED EXPENSES BY OBJECT | | | |
| Salaries, wages and benefits | \$ 6,419,660 | \$ 6,520,927 | \$ 5,910,853 |
| Contracted and general services | 4,013,945 | 4,018,712 | 3,891,878 |
| Materials, goods and utilities | 3,725,127 | 3,901,778 | 3,751,873 |
| Provision for allowances | 3,000 | 3,397 | 53,020 |
| Transfers to local boards and agencies | 879,485 | 841,327 | 209,716 |
| Interest and bank charges | 24,750 | 25,513 | 24,557 |
| Interest on Long Term Debt | 216,166 | 215,257 | 236,471 |
| Transfers to individuals and organizations | 218,495 | 215,978 | 230,517 |
| Amortization of tangible assets | 3,048,259 | 3,048,259 | 3,454,966 |
| Accretion Expense | - | 2,400 | 2,400 |
| Other operating expenses | 174,280 | 115,682 | 93,058 |
| Loss on disposal of tangible capital asset | - | 36,345 | - |
| | \$ 18,723,167 | \$ 18,945,575 | \$ 17,859,309 |

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, 2024

| | General | Protective | Transportation | Planning & | Recreation & | Environmental | Public Health | | |
|---|--------------|----------------|----------------|----------------|----------------|---------------|---------------|--------------|--------------|
| | Government | Services | Services | Development | Culture | Services | & Welfare | 2024 | 2023 |
| Net municipal taxes | \$ 7,873,139 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,873,139 | \$ 7,633,901 |
| Operating government transfers | 96,719 | 2,100 | - | 226,554 | 490,930 | 147,836 | 515,070 | 1,479,209 | 1,144,582 |
| User fees and sales of goods | 11,669 | 29,952 | 137,671 | 109,722 | 533,858 | 4,341,037 | 79,781 | 5,243,690 | 5,318,212 |
| Investment income | 487,997 | - | - | - | - | - | - | 487,997 | 485,030 |
| Other Revenue | 2,478,705 | 48,537 | 4,896 | 146,769 | 512,563 | 11,365 | 96,383 | 3,299,218 | 2,171,802 |
| | 10,948,229 | 80,589 | 142,567 | 483,045 | 1,537,351 | 4,500,238 | 691,234 | 18,383,253 | 16,753,527 |
| EXPENSES | | | | | | | | | |
| Salaries, wages and benefits | 1,587,295 | 289,698 | 917,188 | 700,899 | 1,816,673 | 686,694 | 522,480 | 6,520,927 | 5,910,851 |
| Contracted and general services | 841,341 | 454,998 | 372,477 | 278,117 | 1,019,099 | 920,470 | 132,210 | 4,018,712 | 3,891,877 |
| Materials, goods and utilities | 104,944 | 102,838 | 749,955 | 75,476 | 858,398 | 1,930,843 | 79,324 | 3,901,778 | 3,751,872 |
| Transfers to individual or local boards | 568,543 | 57,700 | 61,858 | 70,000 | 202,960 | 80,203 | 16,041 | 1,057,305 | 440,234 |
| Interest on Long Term Debt | - | 8,844 | 42,833 | - | 119,693 | 43,887 | - | 215,257 | 236,471 |
| Other expenses | 21,470 | - | - | 88,447 | 12,941 | 20,280 | 1,454 | 144,592 | 173,039 |
| | 3,123,593 | 914,078 | 2,144,311 | 1,212,939 | 4,029,764 | 3,682,377 | 751,509 | 15,858,571 | 14,404,344 |
| NET REVENUE, BEFORE AMORTIZATION AND OTHER | 7,824,636 | (833,489) | (2,001,744) | (729,894) | (2,492,413) | 817,861 | (60,275) | 2,524,682 | 2,349,183 |
| Amortization expense | 72,120 | 109,452 | 1,491,501 | 11,549 | 875,028 | 488,389 | 2,620 | 3,050,659 | 3,454,965 |
| Capital government transfers | - | - | 865,378 | - | 80,200 | 33,945 | - | 979,523 | 3,127,924 |
| NET REVENUE | \$ 7,752,516 | \$ (942,941) | \$ (2,627,867) | \$ (741,443) | \$ (3,287,241) | \$ 363,417 | \$ (62,895) | \$ 453,546 | \$ 2,022,142 |
| 2023 COMPARATIVE NET REVENUE | \$ 7,513,749 | \$ (1,199,989) | \$ (920,569) | \$ (1,175,956) | \$ (2,733,175) | \$ 583,336 | \$ (45,254) | \$ 2,022,142 | |

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

Town of Westlock

Notes to Consolidated Statements

For the Year Ended December 31, 2024

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.

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 |

Town of Westlock

Notes to Consolidated Statements

For the Year Ended December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

| | |
|--|----------------|
| 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.

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.

Town of Westlock

Notes to Consolidated Statements

For the Year Ended December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

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.

Town of Westlock

Notes to Consolidated Statements

For the Year Ended December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

Town of Westlock

Notes to Consolidated Statements

For the Year Ended December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

t) Future Accounting Standards Pronouncements

The following summarizes upcoming changes to Canadian public sector accounting standard. In 2024 the Town will continue to assess the impact and prepare for the adoption of these standards. While the timing of the standard adoption may vary, certain standards must be adopted concurrently. The requirements in Financial Statement Presentation (PS1201), Financial Instruments (PS3450), Foreign Currency Translations (PS2601) and Portfolio Investments (PS3041) must be implemented at the same time.

i. Financial Statement Presentation

PS1201, Financial Statement Presentation, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for the fiscal years beginning on or after April 1, 2022.

ii. Foreign Currency Translation

PS3041, Foreign Currency Translation must be adopted in conjunction with PS3450. It requires that monetary assets and liabilities be denominated in a foreign currency and non-monetary items included in the fair value category that are denominated in a foreign currency, be adjusted to reflect the exchange rates in effect at the financial statement date. This standard is applicable for fiscal years beginning on or after April 1, 2022.

iii. Portfolio Investments

PS3401, Portfolio Investments has removed the distinction between temporary and portfolio investments and was amended to conform to Financial Instruments PS3450. Once PS3450 and PS3401 are adopted, Temporary Investments PS3030 will no longer apply. This standard is applicable for fiscal years beginning on or after April 1, 2022.

iv. Financial Instruments

PS3450, Financial Instruments, establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments, all other financial instruments can be measured at cost, amortized cost, or fair value at the election of the government. There is the requirement to disclose the nature and extent of the risks arising from financial instruments and clarification is given for the de-recognition financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

Town of Westlock

Notes to Consolidated Statements

For the Year Ended December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

v. Asset Retirement Obligations

PS3280, Asset Retirement Obligations defines which activities would be included in a liability for retirement of a tangible capital asset, establishes when to recognize and how to measure a liability for asset retirement, and provides the related financial statement presentation and disclosure requirements. This new standard will effectively replace PS3270, Solid Waste Landfill Closure and Post Closure Liability. This standard is applicable for fiscal years beginning on or after April 1, 2022.

vi. Revenue

PS3400, Revenue establishes standards on how to account for and report on revenue, specifically in regard to revenue arising from transactions with performance obligations (exchange transactions) and those without performance obligations (non-exchange transactions). This standard is applicable for fiscal years beginning on or after April 1, 2023.

vii. Purchased Intangibles

PSG-8 Purchased Intangibles, allows for purchased intangible assets to be recognized as assets in the public sector entity's financial statements. This standard is applicable for fiscal years beginning on or after April 1, 2023.

viii. Public Private Partnerships

PS3160, Public Private Partnerships, establishes standards on how to account for certain arrangements between public and private entities. The standard provides guidance on situations where a public entity acquires infrastructure assets using a private sector partner that designs, builds or finances the infrastructure asset past the point where it is ready for use. This standard is applicable for fiscal years beginning on or after April 1, 2023.

u) Deferred Revenues

Deferred revenues represent government transfers, donations and other amounts which have been collected, but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met. Interest earned on deferred revenues, reserves, and offsite levies are calculated using an average investment earnings.

2. CASH AND CASH EQUIVALENTS

| | 2024 | 2023 |
|---|---------------------|---------------------|
| Investments - GIC's, Savings and Money Market Funds | \$ 4,006,115 | \$ 2,584,549 |
| Bank accounts | 1,528,572 | 3,548,823 |
| Petty Cash, Floats, Spirit Centre ATM | 9,630 | 9,630 |
| | \$ 5,544,317 | \$ 6,143,002 |

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, 2024

3. RECEIVABLES

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Property Taxes | | |
| Current taxes and grants in place of taxes | \$ 142,253 | \$ 148,066 |
| Arrears taxes | 39,780 | 287,575 |
| Allowance for doubtful accounts | - | (314,926) |
| Education Requisition Under-Levy | 4,638 | 364 |
| | \$ 186,671 | \$ 121,079 |
| Other | | |
| Clean Energy Improvement Levy Receivable | 14,543 | - |
| Trade Accounts Receivable | 952,661 | 793,308 |
| GST Receivable | 101,178 | 115,685 |
| Due from Other Governments | 1,456,525 | 673,044 |
| Allowance for doubtful accounts | (13,583) | (10,983) |
| | 2,511,324 | 1,571,054 |
| | \$ 2,697,995 | \$ 1,692,133 |

4. INVESTMENTS

Investment income recognized in the statement of operations includes \$117,550. Investments consist of the following:

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Equity Investments | | |
| Fixed income GICs maturing in 2026, interest rate of 5.13-5.15% | \$ 508,600 | \$ - |
| Fixed income GIC's maturing in 2025, Interest rates of 4.15%-5.65% | - | 3,095,302 |
| Fixed income GICs maturing in 2027, interest rates of 4.55%-4.63% | 1,022,248 | 2,239,511 |
| Total investments | \$ 1,530,848 | \$ 5,334,813 |

5. EMPLOYEE BENEFIT OBLIGATIONS

| | 2024 | 2023 |
|-----------------------|------------|------------|
| Vacation and overtime | \$ 212,092 | \$ 187,071 |

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, 2024

6. ASSET RETIREMENT OBLIGATION

Asbestos Abatement

The Town owns buildings which contain asbestos and, therefore, the Town is legally required to perform abatement activities upon renovation or demolition of these buildings. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The Town has not designated assets for settling the abatement activities.

Total Asset Retirement Obligations

| | 2024 | 2023 |
|----------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 478,400 | \$ - |
| Liabilities incurred | - | 476,000 |
| Accretion Expense | 2,400 | 2,400 |
| | \$ 480,800 | \$ 478,400 |

7. LONG TERM DEBT

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Tax and utility supported debentures due to Alberta Finance | \$ 7,082,212 | \$ 6,615,803 |
| Tax and utility supported loans due to Enmax Energy | 487,970 | 528,418 |
| Subtotal - Capital Loans | 7,570,182 | 7,144,221 |
| Federation of Canadian Municipalities Green Municipal Fund, Tax supported loan, Operating loan | 422,760 | - |
| | \$ 7,992,942 | \$ 7,144,221 |

The current portion of the long term debt amounts to Alberta Finance \$1,167,061, Enmax \$55,748 and Federation of Canadian Municipalities is \$8,444. Principal and interest repayment terms are as follows:

| | Principal | Interest | Total |
|------------|---------------------|---------------------|---------------------|
| 2025 | \$ 970,435 | \$ 263,924 | \$ 1,234,359 |
| 2026 | 885,233 | 235,834 | 1,121,067 |
| 2027 | 799,094 | 207,984 | 1,007,078 |
| 2028 | 748,425 | 181,084 | 929,509 |
| 2029 | 905,128 | 152,131 | 1,057,259 |
| Thereafter | 3,684,627 | 841,543 | 4,526,170 |
| | \$ 7,992,942 | \$ 1,882,500 | \$ 9,875,442 |

Debenture debt is repayable to the Alberta Finance, Enmax, and Federation of Canadian Municipalities 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 capital and operating debt amounted to \$215,257 (2023-\$248,309).

Town of Westlock

Notes to Consolidated Statements

For the Year Ended December 31, 2024

8. 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:

| | 2024 | 2023 |
|---------------------------------------|----------------------|---------------|
| Total debt limit | \$ 27,629,399 | \$ 25,130,291 |
| Total capital debt | 7,570,182 | 7,144,221 |
| Amount of debt limit unused | 20,059,217 | 17,986,070 |
| Debt servicing limit | 4,604,900 | 4,188,382 |
| Debt servicing used | 1,234,359 | 1,152,998 |
| Amount of debt servicing limit unused | \$ 3,370,541 | \$ 3,035,384 |

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.

Total debt includes long-term debt less debt charges recoverable. Debt servicing includes principal and interest payments due on long-term debt in the 12 months subsequent to year-end less amounts that are recoverable.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

| | 2024 | 2023 |
|--------------------------------------|-----------------------|----------------|
| Tangible capital assets, Schedule 2 | \$ 118,565,320 | \$ 112,188,268 |
| Accumulated amortization, Schedule 2 | (53,172,927) | (50,193,717) |
| Asset Retirement Obligation, Note 6 | (480,800) | (478,400) |
| Long term debt, Note 7 | (7,570,182) | (7,144,221) |
| | \$ 57,341,411 | \$ 54,371,930 |

Town of Westlock

Notes to Consolidated Statements

For the Year Ended December 31, 2024

10. ACCUMULATED SURPLUS

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

| | 2024 | 2023 |
|---|----------------------|----------------------|
| Unrestricted Surplus | \$ 2,655,061 | \$ 2,995,950 |
| Restricted Surplus | 3,648,519 | 5,823,564 |
| Equity in tangible capital assets, Note 9 | 57,341,411 | 54,371,930 |
| | \$ 63,644,991 | \$ 63,191,444 |

11. 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)

General government includes council and other legislative and general administration. Protective services included bylaw enforcement, police and fire. Transportation includes roads, streets, walks and lighting. Planning and development includes land use planning, zoning and subdivision land and development. Public health and welfare include family and community support, and cemetery. Recreation and culture includes parks and recreation, libraries, and museums. Environmental use and protection include water supply and distribution, wastewater treatment and disposal, and waste management.

12. SALARY AND BENEFIT DISCLOSURE

| | Salary ¹ | Benefits & Allowances ^{2,3} | 2024 | 2023 |
|------------------------------|---------------------|--------------------------------------|-------------------|-------------------|
| Mayor Ralph Leriger | \$ - | \$ - | \$ - | \$ 51,479 |
| Mayor Jonathan Kramer | 45,144 | 8,310 | 53,454 | - |
| Councillors: | | | | |
| Murtaza Jamaly | 41,650 | 8,724 | 50,374 | 41,306 |
| Abby Keyes | 22,640 | 6,151 | 28,791 | 41,494 |
| Jonathan Kramer | - | - | - | 36,607 |
| Laura Morie | 30,015 | 3,981 | 33,996 | 33,059 |
| Curtis Snell | 29,530 | 8,925 | 38,455 | 34,967 |
| David Truckey | 29,351 | 7,851 | 37,202 | - |
| Randy Wold | 32,161 | 8,661 | 40,822 | 34,063 |
| | \$ 230,491 | \$ 52,603 | \$ 283,094 | \$ 272,975 |
| Chief Administrative Officer | \$ 183,034 | \$ 35,350 | \$ 218,384 | \$ 212,559 |

Town of Westlock

Notes to Consolidated Statements

For the Year Ended December 31, 2024

12. SALARY AND BENEFIT DISCLOSURE

| | Salary ¹ | Benefits & Allowances ^{2,3} | 2024 | 2023 |
|-----------------------------------|---------------------|--------------------------------------|------------|------------|
| Designated officers - 3 positions | \$ 329,592 | \$ 67,874 | \$ 397,466 | \$ 363,294 |

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.

13. 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.

| | 2025 | 2024 |
|---|-------------------|-------------------|
| Current service contributions by Employer | \$ 91,617 | \$ 338,451 |
| Current service contributions by Employee | <u>81,017</u> | <u>301,066</u> |
| | <u>\$ 172,634</u> | <u>\$ 639,517</u> |

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 11.65% 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 10.65% on pensionable salary above this amount.

At December 31, 2023 the LAPP disclosed an actuarial surplus of \$15.1 billion.

14. 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.

15. 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.

Town of Westlock

Notes to Consolidated Statements

For the Year Ended December 31, 2024

15. 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.

16. 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.

17. COMMITMENTS

The Town is committed to purchasing \$1,576,800 of water in 2025 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 \$2.628 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 | \$ 38,168 | 2027 |
| Pitney Bowes, Office equipment, and maintenance services | \$7,086 | \$ 14,473 | 2026 |
| Total | | \$ 52,641 | |

18. RESTRICTED SURPLUS

| | 2024 | 2023 |
|-------------------------------------|------------|------------|
| Building Reserve | \$ 144,992 | \$ 785,743 |
| Cemetery Reserve | 150,763 | 142,014 |
| Emergency Equipment Reserve | 290,313 | 361,835 |
| Environmental Surcharge Reserve | 420,228 | 425,540 |
| General Operating Reserve | 212,392 | 240,549 |
| Infrastructure Surcharge Reserve | 135,033 | 747,804 |
| Land Development Reserve | (146,699) | 152,739 |
| Machinery/Fleet Replacement Reserve | 140,486 | 129,574 |

Town of Westlock

Notes to Consolidated Statements

For the Year Ended December 31, 2024

18. RESTRICTED SURPLUS

| | 2024 | 2023 |
|------------------------------|---------------------|---------------------|
| Recreation Reserve | 224,496 | 301,221 |
| Storm Sewer Reserve | 15,415 | 42,403 |
| Street Construction Reserve | 635,210 | 659,818 |
| Utility Offsite Levy Reserve | (9,067) | (9,067) |
| Water/Sewer Reserve | 1,434,957 | 1,843,392 |
| Total | \$ 3,648,519 | \$ 5,823,565 |

19. DEFERRED REVENUE

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Deferred Revenue | | |
| Municipal Sustainability Initiative Capital | \$ 222,918 | \$ 410,624 |
| Local Government Fiscal Framework | 329,499 | - |
| Canadian Community Building Grant | 845,157 | 791,626 |
| Other Operating Grants | 246,156 | 123,111 |
| Donations | 50,000 | 50,000 |
| Recreation Deferred Revenue | 158,717 | 133,178 |
| Westlock Regional Waste over (under) collection of requisition | (104) | (5,099) |
| | 1,852,343 | 1,503,440 |
| FCSS - Deferred Revenue | | |
| Provincial FCSS Grant | - | 4,295 |
| Municipal Partner Contributions | 25,037 | 27,826 |
| Outreach | 672 | 7,600 |
| Homeless Coalition | - | 6,944 |
| Christmas Spirit/Santa's Anonymous | 31,846 | 36,931 |
| Caring for Kids/Families | 8,671 | 8,657 |
| FASD | 2,318 | 2,318 |
| Healthy Aging | - | 27,950 |
| Youth Programming | - | 4,000 |
| | 68,544 | 126,521 |
| Total | \$ 1,920,887 | \$ 1,629,961 |

Town of Westlock

Notes to Consolidated Statements

For the Year Ended December 31, 2024

20. CONTAMINATED SITES LIABILITY

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, ongoing environmental monitoring, site inspections and maintenance.

The estimated total liability is based on the sum of discounted future cash flows for closure and post-closure using a discount rate of 6% assuming annual inflation of 2%.

The Town has not designated assets for settling closure and post-closure liabilities.

The total liability recorded at December 31, 2024 is \$100,381 (2023 - \$55,768) and represents the estimated present value of closure and post-closure using a discount rate of 4%. Closure will involve covering the site with topsoil and vegetation and installing ground water monitoring wells. Post-closure care activities are expected to occur for 25 years and will involve sure and ground water monitoring and landfill cover maintenance.

21. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.