

Consolidated Financial Statements of
**Regional Municipality of
Wood Buffalo**

Year ended December 31, 2024



REGIONAL MUNICIPALITY
OF
WOOD BUFFALO

Consolidated Financial Statements of

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OF WOOD BUFFALO**

Year ended December 31, 2024

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Year ended December 31, 2024

Management's Responsibility for the Consolidated Financial Statements	1
Auditor's Report	2-3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Surplus.....	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Consolidated Statement of Remeasurement Gains and Losses	8
Notes to Consolidated Financial Statements	9-45

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

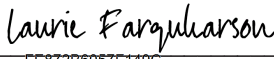
The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on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

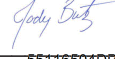
Independent Auditor's Report

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

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

For: Regional Municipality of Wood Buffalo

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Laurie Farquharson, CPA, CMA
Chief Financial Officer

Signed by:

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Jody Butz
Interim Chief Administrative Officer

April 22, 2025

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the Regional Municipality of Wood Buffalo (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2024, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

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

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

Administration is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as administration determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

The signature of Deloitte LLP is written in a cursive, handwritten style.

Chartered Professional Accountants
Edmonton, Alberta
April 22, 2025

REGIONAL MUNICIPALITY OF WOOD BUFFALO
Consolidated Statement of Financial Position

As at December 31, 2024

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 165,884,508	\$ 160,341,463
Restricted cash (Note 2)	16,241,739	16,401,263
Taxes and grants in lieu receivable (Note 3)	13,635,925	8,630,475
Trade and other receivables (Note 4)	50,144,198	41,149,152
Inventories held for resale	318,347	1,284,763
Portfolio investments (Note 5)	1,157,647,780	1,121,130,359
Mortgages and notes receivable (Note 6)	4,002,130	3,865,936
	<u>1,407,874,627</u>	<u>1,352,803,411</u>
Liabilities		
Accounts payable and accrued liabilities	157,311,906	139,728,107
Deposit liabilities	9,277,016	10,120,861
Deferred revenue (Note 7)	51,594,875	57,429,223
Employee benefit obligations (Note 8)	14,822,832	20,971,969
Contaminated sites liability (Note 9)	1,215,969	2,696,893
Asset retirement obligation (Note 10)	26,632,240	30,101,188
Long-term debt (Note 11)	28,676,031	30,736,660
	<u>289,530,869</u>	<u>291,784,901</u>
Net financial assets	<u>1,118,343,758</u>	<u>1,061,018,510</u>
Non-financial assets		
Tangible capital assets (Note 13)	4,342,504,054	4,357,049,438
Consumable inventories	3,302,713	3,438,446
Prepaid expenses	6,456,602	4,743,403
	<u>4,352,263,369</u>	<u>4,365,231,287</u>
Accumulated surplus (Note 14)	<u>\$ 5,470,607,127</u>	<u>\$ 5,426,249,797</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 5,470,744,909	\$ 5,433,293,616
Accumulated remeasurement losses	(137,782)	(7,043,819)
	<u>\$ 5,470,607,127</u>	<u>\$ 5,426,249,797</u>

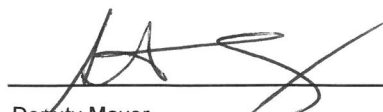
Contractual rights (Note 18)

Commitments and contingent liabilities (Note 19)

See accompanying notes to consolidated financial statements.

Approved by:


Mayor


Deputy Mayor

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Consolidated Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2024

	Budget	2024	2023
	(Note 23)		
Revenue:			
Net taxes available for municipal purposes (Note 15)	\$ 457,613,000	\$ 473,337,310	\$ 447,403,665
Government transfers for operating (Note 16)	27,381,705	36,114,957	19,608,539
Sales and user charges (Note 22)	68,698,131	74,040,180	68,462,679
Sales to other governments	4,776,991	4,771,433	4,049,741
Penalties and costs on taxes	7,104,300	7,616,299	6,281,355
Licenses and permits	2,105,250	2,115,711	2,178,923
Fines	1,611,250	348,662	3,180,540
Franchise and concession contracts	8,700,000	8,743,572	8,534,636
Returns on investments	37,187,571	42,789,226	31,442,061
Rentals	21,915,204	22,229,192	21,504,925
Other	6,472,275	8,392,083	13,759,431
Change in asset retirement obligations	-	4,460,624	-
Gain on disposal of tangible capital assets	-	346,844	-
	643,565,677	685,306,093	626,406,495
Expenses (Note 17):			
Council and other legislative	1,836,567	2,293,619	1,280,208
General administration	104,401,894	102,236,051	106,458,934
Other general government	39,369,850	34,393,150	42,586,539
Police	46,909,123	50,337,730	52,268,108
Fire	32,275,670	42,479,773	42,577,324
Disaster and emergency measures	7,323,888	9,569,508	11,481,088
Ambulance and first aid	11,696,195	13,864,555	11,757,577
Bylaws enforcement	7,605,507	7,462,343	6,873,387
Common and equipment pool	25,321,136	24,368,190	26,598,094
Roads, streets, walks, lighting	29,586,723	71,555,329	69,969,426
Public transport	20,873,895	32,070,227	32,693,171
Storm sewers and drainage	4,090,980	8,553,754	5,703,024
Water supply and distribution	27,792,189	64,978,902	62,975,504
Wastewater treatment and disposal	20,167,884	50,237,867	43,154,263
Waste management	18,356,004	18,240,135	19,350,421
Family and community support	16,916,387	11,175,035	14,717,539
Cemeteries and crematoriums	670,776	538,392	688,426
Land use planning, zoning and development	7,669,895	8,372,965	10,186,761
Subdivision land and development	1,472,800	1,046,869	-
Public housing operations	25,796,899	39,335,789	39,126,802
Land, housing and building rentals	2,067,073	1,524,798	3,807,446
Recreation boards	65,000	204,413	121,655
Parks and recreation	64,251,993	85,819,592	95,772,962
Culture: libraries, museums, halls	695,828	4,536,103	576,685
	517,214,156	685,195,089	700,725,344
Annual surplus (deficit) before other	126,351,521	111,004	(74,318,849)
Other:			
Government transfers for capital (Note 16)	21,000,000	37,340,289	66,156,148
Annual surplus (deficit)	147,351,521	37,451,293	(8,162,701)
Accumulated operating surplus, beginning of year	5,426,249,797	5,433,293,616	5,441,456,317
Accumulated operating surplus, end of year	5,573,601,318	5,470,744,909	5,433,293,616
Accumulated remeasurement losses	-	(137,782)	(7,043,819)
Accumulated surplus, end of year	\$ 5,573,601,318	\$ 5,470,607,127	\$ 5,426,249,797

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Consolidated Statement of Change in Net Financial Assets

For the Year Ended December 31, 2024

	Budget	2024	2023
	(Note 23)		
Annual surplus (deficit)	\$ 147,351,521	\$ 37,451,293	\$ (8,162,701)
Acquisition of tangible capital assets	(170,374,800)	(146,938,866)	(212,350,381)
Write down of tangible capital assets	-	6,678,063	-
(Gain) loss on disposal of tangible capital assets	-	(346,844)	5,203,382
Amortization of tangible capital assets	-	153,507,199	143,310,178
Proceeds on disposal of tangible capital assets	-	1,645,832	1,051,871
	(23,023,279)	51,996,677	(70,947,651)
Use of consumable inventories	-	135,733	1,049,621
Acquisition of prepaid expenses	-	(1,713,199)	(9,503)
	-	(1,577,466)	1,040,118
Increase (decrease) in net financial assets before net remeasurement gain	(23,023,279)	50,419,211	(69,907,533)
Net remeasurement gains	-	6,906,037	2,326,546
Net financial assets, beginning of year	1,061,018,510	1,061,018,510	1,128,599,497
Net financial assets, end of year	\$ 1,037,995,231	\$ 1,118,343,758	\$ 1,061,018,510

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2024

	2024	2023
Cash provided by (used in):		
Operating:		
Annual surplus (deficit)	\$ 37,451,293	\$ (8,162,701)
Non-cash items included in annual surplus		
Amortization of tangible capital assets	153,507,199	143,310,178
(Gain) loss on disposal of tangible capital assets	(346,844)	5,203,382
Write down of tangible capital assets	6,678,063	-
Change in non-cash assets and liabilities:		
Taxes and grants in lieu receivable	(5,005,450)	45,803
Trade and other receivables	(8,995,046)	31,427,049
Inventories held for resale	966,416	(88,778)
Consumable inventories	135,733	1,049,621
Prepaid expenses	(1,713,199)	(9,503)
Accounts payable and accrued liabilities	17,583,799	45,059,112
Deposit liabilities	(843,845)	581,521
Deferred revenue	(5,834,348)	(6,850,116)
Employee benefit obligations	(6,149,137)	923,323
Contaminated sites liability	(1,480,924)	371,547
Asset retirement obligation	(3,468,948)	1,492,737
Cash provided by operating transactions	182,484,762	214,353,175
Capital:		
Proceeds on disposal of tangible capital assets	1,645,832	1,051,871
Acquisition of tangible capital assets	(146,938,866)	(212,350,381)
Cash applied to capital transactions	(145,293,034)	(211,298,510)
Investing:		
(Increase) decrease in mortgages and notes receivable	(136,194)	121,967
Decrease (increase) in restricted cash	159,524	(1,151,951)
Increase in investments	(29,611,384)	(13,062,432)
Cash applied to investing transactions	(29,588,054)	(14,092,416)
Financing:		
Long-term debt repaid	(2,060,629)	(14,940,261)
Cash applied to financing transactions	(2,060,629)	(14,940,261)
Change in cash and cash equivalents during the year	5,543,045	(25,978,012)
Cash and cash equivalents, beginning of year	160,341,463	186,319,475
Cash and cash equivalents, end of year	\$ 165,884,508	\$ 160,341,463

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Consolidated Statement of Remeasurement Gains and Losses

For the Year Ended December 31, 2024

	2024	2023
Accumulated remeasurement losses, beginning of year	\$ (7,043,819)	\$ (9,370,365)
Unrealized (losses) gains attributable to portfolio investments	(1,851,707)	1,504,140
Amounts reclassified to the statement of operations		
Portfolio investments	8,757,744	822,406
Accumulated remeasurement losses, end of year	\$ (137,782)	\$ (7,043,819)

See accompanying notes to consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

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

1. Significant accounting policies

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

(a) Reporting entity:

(i) Consolidated entities

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

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

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

(ii) Other boards and commissions

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

(iii) Alberta School Foundation Fund and School Boards

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

(b) Basis of accounting:

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

Property tax revenue is based on approval annual budget and requisition requirements. Property tax assessment is based on either the market value or regulated value legislated standard as prescribed in the MGA. The market value standard is based on the market value of properties as of July 1st of the preceding year. The regulated value standard is based on rates and procedures prescribed by Alberta Municipal Affairs. Assessments are subject to appeal. A provision has been recorded in accounts payable and accrued liabilities for potential losses on assessment appeals outstanding as of December 31st.

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

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

1. Significant accounting policies (continued)

(b) Basis of accounting (continued)

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

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

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

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

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

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

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

(c) Cash and cash equivalents

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

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

(d) Excess collections and under-levies

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

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

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

1. Significant accounting policies (continued)

(e) Inventories held for resale

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

(f) Portfolio Investments

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

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

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

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

Level 1: Quoted prices in an active market.

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

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

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

(g) Mortgages and notes receivable

Mortgages and notes receivable are carried at amortized cost using the effective interest method. The effective interest rate is determined to be the Wood Buffalo Housing and Development Corporation's weighted average cost of borrowing at the time the agreement is executed. The discount recorded on the mortgages and notes receivable is amortized each year to interest income. Mortgages and notes receivable are reviewed annually to ensure the amount recoverable is not less than the amortized cost. If this is found to be the case, a valuation allowance is used to adjust the recorded value to the recoverable amounts.

(h) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

1. Significant accounting policies (continued)

(h) Non-financial assets (continued)

(i) Tangible capital assets

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

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

Annual amortization is charged at 50% in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use. Tangible capital assets are written down when conditions indicate that they no longer contribute to the Municipality's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital asset are less than their net book value.

(ii) Contributions of tangible capital assets

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

(iii) Tangible capital assets disclosed at nominal values

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

(iv) Natural resources

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

(v) Works of art and cultural and historic assets

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

(vi) Capitalization of costs

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

(vii) Leases

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

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

1. Significant accounting policies (continued)

(h) Non-financial assets (continued)

(viii) Consumable inventories

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

(i) Contaminated sites liability

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

(j) Asset retirement obligation

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

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

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

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

(k) Employee future benefits

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

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

1. Significant accounting policies (continued)

(l) Use of estimates

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

Actual results could differ from those estimates.

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

(m) Adoption of new accounting standards

The following summarizes changes to Canadian public sector accounting standards issued by the Public Sector Accounting Standards Board (PSAB) that have been adopted by the Municipality during the current fiscal year.

(i) Revenue

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

The Municipality prospectively adopted this new standard effective January 1, 2024. The adoption of this standard did not have any impact to the consolidated financial statements.

(ii) Public private partnerships

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

The Municipality prospectively adopted this new standard effective January 1, 2024. The adoption of this standard did not have any impact to the consolidated financial statements.

(iii) Purchased intangibles

PSG-8 Purchased Intangibles, allows for purchased intangibles 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.

The Municipality prospectively adopted this new standard effective January 1, 2024. The adoption of this standard did not have any impact to the consolidated financial statements.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

2. Restricted cash

Restricted cash is comprised of various tenant deposits and reserves required under funding agreements related to the delivery of affordable housing programs amounting to \$16,241,739 (2023 - \$16,401,263).

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

3. Taxes and grants in lieu receivable

	2024	2023
Current	\$ 17,311,265	\$ 12,658,867
Arrears**	35,026,693	32,241,253
	52,337,958	44,900,120
Less allowance for doubtful accounts	(38,702,033)	(36,269,645)
	\$ 13,635,925	\$ 8,630,475

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

4. Trade and other receivables

	2024	2023
Government transfers	\$ 23,254,545	\$ 17,306,361
GST recoverable	4,037,473	2,413,631
Utility receivables	9,906,273	8,384,784
Trade receivables	12,945,907	13,044,376
	\$ 50,144,198	\$ 41,149,152

Trade and other receivables include allowance for doubtful accounts of \$5,390,231 (2023 - \$5,906,683).

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

5. Portfolio Investments

Portfolio investments are divided between fair value and amortized costs. Fair value portfolio investments are classified as Level 1 for fair value hierarchy purposes. See Note 1 (f) for further details.

2024			
	Amortized Cost	Fair Value	Carrying Value
Cash	\$ 13,919,833	\$ 13,919,833	\$ 13,919,833
Bonds at fair value	70,921,431	70,783,649	70,783,649
Bonds at amortized cost	1,072,944,298	1,002,860,532	1,072,944,298
	\$ 1,157,785,562	\$ 1,087,564,014	\$ 1,157,647,780

2023			
	Amortized Cost	Fair Value	Carrying Value
Cash	\$ 7,029,145	\$ 7,029,145	\$ 7,029,145
Bonds at fair value	108,638,717	101,594,898	101,594,898
Bonds at amortized cost	1,012,506,316	940,663,199	1,012,506,316
	\$ 1,128,174,178	\$ 1,049,287,242	\$ 1,121,130,359

Bonds at fair value, bearing interest rates from 1.67% to 5.33% (2023 - 2.00% to 4.00%).

Bonds at amortized cost, bearing interest rates from 0.80% to 5.52% (2023 - 1.60% to 6.00%).

The market value of certain investments fluctuates with changing market interest rates. The carrying value of certain investments have not been written down to market value because management has concluded, based on a review of market information for these investments, there is no obvious indication of significant impairment that is other than temporary.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

6. Mortgages and notes receivable

	2024	2023
Housing affordability loans, bearing interest at rates ranging from 0% to 6% per annum, compounded semi-annually, payable in monthly instalments of interest only, repayable when the borrower sells the property, secured by vendor take back mortgages on land and buildings and market appreciation guarantees (face value - \$3,981,684 (2023 - \$4,024,451))	\$ 1,995,369	\$ 1,916,123
Home equity loans, non-interest bearing, without monthly repayment terms, with principal repayable when the borrower sells the property, secured by vendor take back mortgages on land and buildings and market appreciation guarantees (face value - \$3,634,219 (2023 - \$3,671,452))	1,721,417	1,657,652
Demand promissory notes receivable, bearing interest at 6% per annum, with total payments including principal and interest ranging from \$104 to \$226 per month, representing a 25-year amortization period, secured by land and buildings in Conklin and Janvier (face value - \$108,602 (2023 - \$115,285))	85,990	90,502
Demand second mortgages receivable, non-interest bearing, with total payments and forgiveness ranging from \$70 to \$169 per month, representing a 25-year amortization period, secured by land and buildings in Conklin and Janvier (face value - \$257,334 (2023 - \$276,758))	187,854	201,659
Unsecured note receivable, bearing interest at 2% per annum payable in monthly installments of principal and interest of \$226 per month, representing a two-year amortization period (face value - \$11,500 (2023 - nil))	11,500	-
	\$ 4,002,130	\$ 3,865,936

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

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

7. Deferred revenue

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

	2023	Externally restricted inflows	Revenue (recognized) reallocated	2024
<u>Government transfers</u>				
Operating:				
Community Housing Plan (a)	\$ 202,041	\$ 5,569,565	\$ (5,391,603)	\$ 380,003
Rent Supplement Program (b)	2,174,650	5,170,490	(5,361,313)	1,983,827
911 Grant (c)	1,742,523	702,719	(413,896)	2,031,346
Policing Support Grant (d)	377,460	1,414,432	(1,438,284)	353,608
Family and Community Support Services Grant (e)	104,804	2,012,616	(2,087,196)	30,224
Victims of Crime Fund (f)	54,022	400,000	(354,022)	100,000
Women's Economic Recovery Challenge Program (g)	94,796	-	(83,210)	11,586
Forest Resource Improvement Association (h)	100,000	378,379	(478,379)	-
Other operating grants	336,307	2,943,123	(2,835,942)	443,488
	5,186,603	18,591,324	(18,443,845)	5,334,082
Capital:				
Local Government Fiscal Framework (i)	248,069	16,275,528	(14,248,069)	2,275,528
Canada Community-Building Fund (j)	16,429,825	6,855,472	(20,008,042)	3,277,255
Alberta Affordable Housing Initiative (k)	898,648	51,505	-	950,153
911 Grant (c)	47,247	86,699	(111,913)	22,033
South Policing Facility Grant (l)	1,155,486	-	(8,340)	1,147,146
Green Transit Incentives Program Grants (m)	84,141	11,226	(95,367)	-
Alberta Community Resilience Program Grant (n)	136,308	757	(137,065)	-
Alberta Municipal Water/Wastewater Partnership (o)	5,595,177	403,353	-	5,998,530
Active Transportation Fund (p)	2,732	-	(2,732)	-
Drought and Flood Protection Program (q)	-	4,500,000	-	4,500,000
Other capital grants	15,741	125,000	(15,741)	125,000
	24,613,374	28,309,540	(34,627,269)	18,295,645
	29,799,977	46,900,864	(53,071,114)	23,629,727
<u>Other</u>				
Rights Holder Agreements (r)	675,200	-	(84,800)	590,400
Deferred Property Taxes	16,622,186	17,179,194	(16,622,186)	17,179,194
Deferred Offsite Levies and Developer Charges (s)	3,115,464	415,332	(23,459)	3,507,337
Deferred Developer Agreements (t)	3,320,398	-	-	3,320,398
Golf and fitness memberships	1,134,105	3,418,053	(3,445,735)	1,106,423
Other	2,761,893	4,040,862	(4,541,359)	2,261,396
	27,629,246	25,053,441	(24,717,539)	27,965,148
	\$ 57,429,223	\$ 71,954,305	\$ (77,788,653)	\$ 51,594,875

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

7. Deferred revenue (continued)

Operating government transfers

(a) Community Housing Plan

The Community Housing Plan is an arrangement where money is received from both the Province of Alberta and the Government of Canada to assist homeless individuals to obtain housing and provide support services through funding provided to a number of not-for-profit organizations. Accruals are set up at the end of each year to record the deferred revenue or trade and other receivables from the Province of Alberta and the Government of Canada. During 2024, the Municipality received \$5,569,565 (2023 - \$5,365,758).

(b) Rent Supplement Program

The Rent Supplement Program grant is an arrangement where money is received from the Province of Alberta to provide housing assistance for individuals and families residing or needing to reside in the Regional Municipality of Wood Buffalo. The Municipality makes claims for qualified individuals or families, receives the funds and pays them out to qualified individuals on a monthly basis. During 2024, the Municipality received grant funding of \$5,170,490 (2023 - \$5,476,145).

(c) 911 Grant

Alberta's Emergency 911 Act came into force on April 1, 2014. The Act established the Alberta 911 Grant Program under the Alberta Emergency Management Agency. The objective of the 911 Grant Program is to strengthen and support local delivery of 911 throughout Alberta. This is done through delivering a source of funding towards qualifying operating and capital expenditures. In 2024, the Municipality received \$702,719 (2023 - \$656,869) and allocated interest on the unspent grant in the amount of \$86,699 (2023 - \$23,045).

(d) Policing Support Grant

The Province of Alberta provides the Policing Support Grant (PSG) through the Alberta Solicitor General and Minister of Public Security. PSG provides assistance to Municipalities to promote the hiring of new police officers throughout the province and helps communities to meet the costs of their policing services. During 2024, the Municipality received \$1,414,432 (2023 - \$1,509,842).

(e) Family and Community Support Services Grant

The Province of Alberta provides the Family and Community Support Services Grant to support several programs for children, youth, families, adults, seniors, community development, and social planning in the Municipality's different communities in accordance with the Family and Community Support Services Act and Regulation. During 2024, the Municipality received \$2,012,616 (2023 - \$1,990,824).

(f) Victims of Crime Fund

The Province of Alberta, through Alberta Justice and Solicitor General, provides the Victims of Crime fund which funds services that benefit victims during their involvement with the criminal justice process. During 2024 the Municipality received \$400,000 (2023 - \$449,000).

(g) Women's Economic Recovery Challenge Program

The Province of Alberta, through the Minister of Jobs, Economy and Northern Development, provides the Women's Economic Recovery Challenge (WERC) to fund initiatives that help women's economic opportunities by providing strategies and solutions to address barriers. During 2024, the Municipality received \$nil (2023 - \$nil).

(h) Forest Resource Improvement Association

The Forest Resource Improvement Association of Alberta (FRIAA) FireSmart program helps communities and residents manage and reduce the threat of wildfire. The program supports communities in carrying out activities aimed at reducing the threat of wildfire. In 2024, the Municipality received \$378,379 (2023 - \$100,000).

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

7. Deferred revenue (continued)

Capital government transfers

(i) Local Government Fiscal Framework Grant

In 2024, the Province of Alberta replaced the Municipal Sustainability Initiative program with the Local Government Fiscal Framework (LGFF) to assist municipalities with managing growth pressures, provide sustainable funding and support infrastructure needs. In 2024, the Municipality received \$16,149,857 (2023 - \$28,391,374) and allocated interest on the unspent grant in the amount of \$125,671 (2023 - \$248,069).

(j) Canada Community-Building Fund

The Canada Community-Building Fund assists municipalities in addressing their sustainable municipal capital infrastructure needs. In 2024, the Municipality received \$6,400,254 (2023 - \$13,684,738) and allocated interest on the unspent grant in the amount of \$455,218 (2023 - \$706,837).

(k) Alberta Affordable Housing Initiative

The Province of Alberta provides grants to support the development and supply of affordable housing in Hawthorne Heights and Parsons Creek. During 2024, the Municipality allocated interest on the unspent grants in the amount of \$51,505 (2023 - \$40,691).

(l) South Policing Facility Grant

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

(m) Green Transit Incentive Program Grants

The Municipality entered into cost-sharing agreements with Alberta Transportation to undertake the construction of a transit maintenance facility, 34 low floor buses and two bus bay turnouts, whereby the Province of Alberta provided 66.7% of eligible costs. In 2024, the Municipality received \$nil (2023 - returned \$291,842) and allocated interest on the unspent grants in the amount of \$11,226 (2023 - \$nil).

(n) Alberta Community Resilience Program Grant

The Municipality entered into an agreement with Alberta Environment and Parks for funding under the Alberta Community Resilience Program to undertake flood mitigation work in the region. In 2024, the Municipality allocated interest on the unspent grant in the amount of \$757 (2023 - \$23,391).

(o) Alberta Municipal Water/Wastewater Partnership

The Province of Alberta, through the Alberta Municipal Water/Wastewater Partnership (AMWWP) provides cost-sharing funding to eligible municipalities to help build municipal facilities for water supply and treatment, and wastewater treatment and disposal. In 2024, the Municipality allocated interest on the unspent grant in the amount of \$300,285 (2023 - \$nil).

(p) Active Transportation Fund

The Municipality entered into an agreement with Infrastructure Canada in 2023. Through this fund, projects that build new and expanded networks for trails, pedestrian bridges and pathways are supported. In 2024, the Municipality received \$nil (2023 - \$100,000) to assist with their Active Transportation Trail Phase 2 and Prairie Creek Perimeter Trail projects.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

7. Deferred revenue (continued)

Capital government transfers (continued)

(q) Drought and Flood Protection Program

The Municipality entered into an agreement with Government of Alberta, through the Drought and Flood Protection Program (DFPP) in 2024 to support communities in the development of long-term resilience, while supporting integrated planning and healthy, functioning watersheds. In 2024, the Municipality received \$4,500,000 (2023 - \$nil) to assist with the Fort McKay Water Supply Infrastructure Rehabilitation Project.

Other

(r) Rights Holder Agreements

From 2006 to 2009, contributions totaling \$2,120,000 were received from entities within the Municipality in exchange for rights holder agreements for certain vacant units in apartment projects owned by the Municipality for a period of 25 years.

(s) Deferred Offsite Levies and Developer Charges

The Municipality collects offsite levies and developer charges from property developers prior to new development commencing within the Municipality. During 2024, the Municipality received \$415,332 (2023 - \$5,191) in levies and charges and allocated interest on the unspent levies and charges of \$23,459 (2023 - \$158,778).

(t) Deferred Developer Agreements

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

8. Employee benefit obligations

	2024	2023
Accrued vacation pay and overtime bank	\$ 9,150,473	\$ 9,772,302
Accrued salary and benefits	5,672,359	11,199,667
	<u>\$ 14,822,832</u>	<u>\$ 20,971,969</u>

(a) Vacation and overtime

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 those benefits within the next budgetary year.

(b) Local Authorities Pension Plan

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

The Municipality is required to make current service contributions to the LAPP of 8.45% (2023 - 8.45%) of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 11.65% (2023 - 12.23%) for the excess. Employees of the Municipality are required to make current service contributions of 7.45% (2023 - 7.45%) of pensionable salary up to the year's maximum pensionable salary and 10.65% (2023 - 11.23%) on pensionable salary above this amount. Contributions for current service are recorded as expenditures in the year in which they become due.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

8. Employee benefit obligations (continued)

(b) Local Authorities Pension Plan (continued)

Total current service contributions by the Municipality to the LAPP in 2024 are \$15,234,490 (2023 - \$16,011,140). Total current service contributions by the employees of the Municipality to the LAPP in 2024 are \$13,686,270 (2023 - \$14,438,822).

(c) APEX Supplementary Pension Plan

The APEX Supplementary Pension Plan, an Alberta Urban Municipalities Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2003, and provides supplementary pension benefits to a prescribed class of employees with approximately 223 (2023 - 223) beneficiaries. The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the Municipality. Employees and the Municipality are required to make current service contributions to APEX of 2.42% (2023 - 2.61%) and 2.96% (2023 - 2.96%) respectively on pensionable earnings up to \$201,050 (2023 - \$180,500) per employee per year.

Total current service contributions by the Municipality to APEX in 2024 were \$801,965 (2023 - \$862,553). Total current service contributions by the employees of the Municipality in 2024 were \$655,216 (2023 - \$705,166).

(d) Other employee benefit plans

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

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

(e) Employee housing initiative - home equity protection program

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

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

As at December 31, 2024, \$359,800 (2023 - \$627,100) is accrued within these consolidated financial statements relating to this program. During 2024, the Municipality paid out \$1,783,118 (2023 - \$2,059,937) for this program. There are 152 (2023 - 162) employees eligible, approved and participating in the program with an aggregate secured property value of \$94,771,576 (2023 - \$100,254,190) based on assessed values.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

8. Employee benefit obligations (continued)

(f) MuniSERP - supplemental retirement program

MuniSERP is an accrued benefit obligation for certain groups of employees; the future benefit plan commenced in 2012. An actuarial valuation for this plan was completed by Alberta Municipal Services Corporation's actuaries as at December 31, 2024.

MuniSERP is a supplementary retirement program that cannot be prefunded.

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

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

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

	2024	2023
Accrued Benefit Obligation		
Balance, beginning of year	\$ 749,068	\$ 504,270
Current service and interest (recovery) cost	79,515	244,798
Balance, end of year	828,583	749,068
Assets held to fund liability	(1,001,989)	(681,674)
Net assets	\$ (173,406)	\$ 67,394

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

	2024	2023
Inflation	2.00%	2.00%
Wages and salaries escalations	2.75%	2.75%
Interest (discount rate on accrued benefit obligations)	5.00%	5.00%
Average municipal service (years)	5.3	4.2

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

9. Contaminated sites liability

The Municipality recorded a contaminated sites liability for 2024 of \$1,215,969 (2023 - \$2,696,893) which represents the present value of reclamation costs to the Municipality, using annual rates of 2.80% (2023 – 4.14%) for inflation and discount rates of 4.88% (2023 – 5.27%) for remediation costs and 3.38% (2023 – 3.05%) for any related pre-remediation or monitoring costs. The following represents the contaminated sites liability breakdown by site at December 31st:

	2024	2023
Sites:		
Conklin - former storage site	\$ 91,708	\$ 134,827
Conklin - former airstrip	457,367	710,877
Fort Chipewyan - historic unofficial landfill #1	129,015	75,556
Fort Chipewyan - historic unofficial landfill #2	129,015	-
Fort McMurray - former tow yard	98,790	1,775,633
Clear Water Promenade	144,274	-
The Gardens	165,800	-
Net present value of estimated expenditures	\$ 1,215,969	\$ 2,696,893

Contaminants that exceed environmental standards were present in the soil and/or groundwater due to the historic usage of the sites and/or to items remaining on the sites today. The undiscounted estimated expenditures for these sites is \$1,283,000 (2023 - \$3,243,717) and there are no expected recoveries available from other sources.

10. Asset retirement obligation

	2024	2023
Balance, beginning of the year	\$ 30,101,188	\$ 28,608,451
Revision in estimates	(4,786,121)	\$ -
Accretion expense	1,317,173	1,492,737
Estimated total liability	\$ 26,632,240	\$ 30,101,188

During the year the Municipality reviewed the asset retirement obligation and recorded a reduction to the asset retirement obligation of \$4,786,121 (2023 - \$nil) consisting of a reduction in assets of \$325,497 (2023 - \$nil) and a gain due to estimate changes of \$4,460,624 (2023 - \$nil) representing the discounted revalued estimate of future costs as a result of reductions in the expected inflation rates from 4.14% to 2.80%, reductions in expected borrowing costs from between 4.97% and 5.28% to between 4.07% and 5.00% and changes in the timing and expected future cost estimates.

Buildings

The Municipality is required to remove asbestos and other hazardous materials upon demolition or renovation of various buildings under its ownership. Future expenditures of such asset retirement activities are expected to be incurred over the following 1 to 50 years. The Municipality applied inflation of 2.80% (2023 - \$4.14%) and discount rates of 4.07% to 5.00% (2023 - 4.97% to 5.28%) to estimate the present value of future expenditures associated these activities. The total estimated asset retirement obligation pertaining to buildings is \$4,248,394 (2023 - \$5,816,141). At 2.80% inflation (2023 - 4.14%), the undiscounted estimated future costs pertaining to buildings is \$7,647,130 (2023 - \$15,329,238).

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

10. Asset retirement obligation (continued)

Landfills

The Fort McMurray Regional landfill and the Fort Chipewyan landfill are the only operational landfill sites within the Municipality. As of 2024, there are five closed and one partially closed landfill sites within the Regional Municipality of Wood Buffalo.

Landfill closure and post-closure care requirements have been defined in accordance with The Environmental Management and Protection Act and include final covering and landscaping of the landfill, pumping of ground water, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 2 to 37 year period using the best information available to management. Future events may result in significant changes to the estimated total expense and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The estimated liability is based on the sum of discounted future cash flows of closure and post-closure activities using the discount rates between 4.07% to 5.00% (2023 - 4.97% to 5.28%). The total estimated asset retirement obligation pertaining to landfills is \$22,383,846 (2023 - \$24,197,686). At 2.80% inflation (2023 - 4.14%), the undiscounted estimated future costs pertaining to landfills is \$26,369,879 (2023 - \$33,028,728).

Any unfunded liability for the landfill will be paid for using future reserve or grant funding.

11. Long-term debt

	2024	2023
Controlled organizations debt	\$ 28,676,031	\$ 30,736,660

Controlled organizations debt

Long-term debt is comprised of commercial mortgages with weighted average interest rate of 2.6% (2023 - 2.6%), payments of \$231,340 per month including principal and interest, maturities from 2026 to 2030, with land and buildings pledged as collateral with a carrying value of \$156,246,246 (2023 - \$165,593,087).

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

	Principal Payments
2025	\$ 2,116,528
2026	21,042,671
2027	933,923
2028	1,029,324
2029	181,519
2029 and thereafter	3,372,066
	<u>\$ 28,676,031</u>

Interest on long-term debt in 2024 amounted to \$710,644 (2023 - \$673,309).

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

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

12. Debt and debt service limits

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

Debt Limit

	2024	2023
Maximum allowable debt	\$ 1,270,435,614	\$ 1,201,092,554
Total municipal debt	-	-
Amount of total debt limit available	\$ 1,270,435,614	\$ 1,201,092,554
Percentage used	0.00%	0.00%

Debt service limit

	2024	2023
Maximum allowable debt service	\$ 222,326,232	\$ 210,191,197
Annual payments on existing municipal debt	-	-
Amount of service on debt limit available	\$ 222,326,232	\$ 210,191,197
Percentage used	0.00%	0.00%

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

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

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

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

13. Tangible capital assets

	2024							
	Land	Land Improvements	Buildings and Improvements	Engineered Structures	Machinery and Equipment	Vehicles	Assets Under Construction	2024 Total
COST:								
<i>Balance, beginning of year</i>	\$ 417,958,955	\$ 477,007,921	\$ 1,053,272,611	\$ 3,566,247,463	\$ 177,510,084	\$ 93,849,454	\$ 207,361,633	\$ 5,993,208,121
Acquisition of tangible capital assets	-	47,883,690	52,743,747	79,385,604	13,106,147	7,246,919	(53,427,241)	146,938,866
Transfers	(20,606)	686,325	31,506,070	50,206,503	(4,209,287)	(348,906)	(77,820,099)	-
Write down of tangible capital assets	(999,246)	-	(5,678,817)	-	-	-	-	(6,678,063)
Disposal of tangible capital assets	(965,886)	(2,499,530)	(2,243,857)	(1,266)	(14,851,618)	(2,292,190)	-	(22,854,347)
<i>Balance, end of year</i>	\$ 415,973,217	\$ 523,078,406	\$ 1,129,599,754	\$ 3,695,838,304	\$ 171,555,326	\$ 98,455,277	\$ 76,114,293	\$ 6,110,614,577
ACCUMULATED AMORTIZATION:								
<i>Balance, beginning of year</i>	\$ -	\$ 192,678,481	\$ 306,186,837	\$ 942,497,609	\$ 127,595,022	\$ 67,200,734	\$ -	\$ 1,636,158,683
Annual amortization	-	26,741,748	26,909,949	82,922,750	10,997,949	5,934,803	-	153,507,199
Accumulated amortization on disposals	-	(2,499,530)	(2,243,857)	(1,266)	(14,518,516)	(2,292,190)	-	(21,555,359)
<i>Balance, end of year</i>	\$ -	\$ 216,920,699	\$ 330,852,929	\$ 1,025,419,093	\$ 124,074,455	\$ 70,843,347	\$ -	\$ 1,768,110,523
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 415,973,217	\$ 306,157,707	\$ 798,746,825	\$ 2,670,419,211	\$ 47,480,871	\$ 27,611,930	\$ 76,114,293	\$ 4,342,504,054

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

13. Tangible capital assets

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

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

13. Tangible capital assets (continued)

(a) Assets under construction

Assets under construction having a value of \$76,114,293 (2023 - \$207,361,633) have not been amortized. Amortization of these assets will commence when the assets are available for use.

(b) Tangible capital assets disclosed at nominal values

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

(c) Impairment loss

During the year, the Municipality recorded an impairment loss on land and buildings in the amount of \$6,678,063 (2023 - \$nil). The Cascades building was determined to be unrentable unless significant remediation is undertaken. The Municipality is currently exploring options for either remediation or divestiture of this property. The carrying value of the property has been reduced to its estimated net realizable value.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

14. Accumulated surplus

	2024	2023
Operations:		
Operating reserves:		
General administration	\$ 327,775,281	\$ 336,920,389
Common services	142,575	142,575
Recreation	487,628	519,517
Urban parks	-	289,775
Wood Buffalo Economic Development Corporation	2,061,141	1,929,247
Regional Municipality of Wood Buffalo Library Board	1,460,403	1,188,945
Wood Buffalo Housing & Development Corporation	22,855,381	20,545,267
Regional Recreation Corporation of Wood Buffalo	467,067	670,874
Wood Buffalo Arctic Winter Games Host Society	249,745	267,377
	355,499,221	362,473,966
Total operations	355,499,221	362,473,966
Capital:		
Surplus - undesignated	78,513,335	39,997,329
Capital reserves:		
General	695,147,335	669,687,241
Equipment	706,327	706,327
Common services	708,599	708,599
Roads and streets	33,950	33,604
Water supply	2,052,107	2,052,107
Sewage	2,317,650	2,317,650
Recreation	6,907,212	6,907,212
Regional Municipality of Wood Buffalo Library Board	688,269	760,826
Wood Buffalo Housing & Development Corporation	14,080,099	14,200,498
Regional Recreation Corporation of Wood Buffalo	125,000	91,660
	722,766,548	697,465,724
Equity in tangible capital assets		
Tangible capital assets (Note 13)	6,110,614,577	5,993,208,121
Accumulated amortization (Note 13)	(1,768,110,523)	(1,636,158,683)
Long-term debt (Note 11)	(28,676,031)	(30,736,660)
	4,313,828,023	4,326,312,778
Total capital	5,115,107,906	5,063,775,831
Accumulated surplus	\$ 5,470,607,127	\$ 5,426,249,797

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

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

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

14. Accumulated surplus (continued)

Changes in accumulated surplus

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2024	2023
Balance, beginning of year	\$ 640,127,636	\$ 459,809,383	\$ 4,326,312,778	\$ 5,426,249,797	\$ 5,432,085,952
Annual surplus (deficit)	37,451,293	-	-	37,451,293	(8,162,701)
Unrestricted funds designated for future use	(796,815,821)	796,815,821	-	-	-
Restricted funds used for operations	37,489,384	(37,489,384)	-	-	-
Restricted funds used for tangible capital assets	-	(140,870,051)	140,870,051	-	-
Current year funds used for tangible capital assets	(6,068,815)	-	6,068,815	-	-
Disposal of tangible capital assets	1,298,988	-	(1,298,988)	-	-
Annual amortization expense	153,507,199	-	(153,507,199)	-	-
Write down of tangible capital assets	6,678,063	-	(6,678,063)	-	-
Long term debt repaid	(2,060,629)	-	2,060,629	-	-
Net remeasurement gain	6,906,037	-	-	6,906,037	2,326,546
Change in accumulated surplus	(561,614,301)	618,456,386	(12,484,755)	44,357,330	(5,836,155)
Balance, end of year	\$ 78,513,335	\$ 1,078,265,769	\$ 4,313,828,023	\$ 5,470,607,127	\$ 5,426,249,797

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

15. Net Taxes Available for Municipal Purposes

	Budget	2024	2023
	(Note 23)		
Taxation:			
Real property taxes	\$ 456,799,000	\$ 542,429,632	\$ 515,287,512
Government grants in lieu of property taxes	592,000	663,108	657,939
Special assessments and local improvement taxes	222,000	180,508	222,417
	457,613,000	543,273,248	516,167,868
Requisitions:			
Designated Industrial Properties	-	3,545,616	3,578,614
Alberta School Foundation Fund	-	62,433,837	61,154,213
School boards	-	3,956,485	4,031,376
	-	69,935,938	68,764,203
Net taxes available for municipal purposes	\$ 457,613,000	\$ 473,337,310	\$ 447,403,665

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

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

16. Government Transfers

	Budget	2024	2023
	(Note 23)		
Transfers for Operating:			
Conditional shared cost agreements and grants			
Federal Government	\$ 1,134,187	\$ 451,425	\$ 712,959
Provincial Government	26,247,518	35,663,532	18,895,580
Total government transfers for operating	27,381,705	36,114,957	19,608,539
Transfers for Capital:			
Conditional shared cost agreements and grants			
Federal Government	7,000,000	24,086,287	25,429,175
Provincial Government	14,000,000	13,254,002	40,726,973
Total government transfers for capital	21,000,000	37,340,289	66,156,148
Total government transfers	\$ 48,381,705	\$ 73,455,246	\$ 85,764,687

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

16. Government Transfers (continued)

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

Operating government transfers

(a) Disaster Recovery Program

Alberta Municipal Affairs through the Alberta Emergency Management Agency provides financial assistance in the event of a disaster to individuals, small businesses, not-for-profit organizations, municipalities and government departments through the Disaster Recovery program. The Municipality is approved for assistance through the Disaster Recovery Program for the 2016 wildfire event, the 2020 river break-up event, 2023 Rocky River fire event and the 2024 MWF-017 fire event (Note 22). During 2024, the Municipality received \$nil (2023 - \$26,268,000), recognized as a reduction operating government transfers \$nil (2023 - \$2,351,194) and recognized as receivable \$13,753,832 (2023 - \$8,855,232).

(b) Emergency Medical Services Contract

Alberta Health Services provides the Emergency Medical Services Ground Ambulance contract which provides assistance to partially offset the cost of providing 24/7 emergency medical services to the Municipality's citizens. During 2024, the Municipality received and recognized \$11,512,658 (2023 - \$8,069,468).

(c) Alberta Municipal Affairs - Public Library Operating Grant

The Municipality receives a per capita operating grant from the Province of Alberta through Alberta Municipal Affairs to support the operation of library services. In 2024, the Municipality received and recognized as revenue \$741,940 (2023 - \$741,940).

(d) Local Government Fiscal Framework

In 2024, the Province of Alberta replaced the Municipal Sustainability Initiative program with the Local Government Fiscal Framework (LGFF) to assist municipalities with managing growth pressures, provide sustainable funding and support infrastructure needs. In 2024, the Municipality received an operating allocation in the amount of \$1,833,848 (2023 - \$0).

(e) Alberta Seniors & Community Services

The Municipality is designated as the Housing Management Body for the Regional Municipality of Wood Buffalo and operates community and seniors' self-contained housing for low-income individuals, families and seniors who live in the municipality. The Province of Alberta provides funding on an annual basis to cover the costs of this program that exceed the rental and other income received. During 2024, the Municipality received grant funding of \$1,651,838 (2023 - \$1,380,093).

Capital government transfers

(f) Investing in Canada Infrastructure Program

The Government of Canada, through the Investing in Canada Infrastructure Program, provides funding to help communities achieve long-term economic growth, support resilience to climate change and improve social inclusivity. During 2024, the Municipality received \$3,707,871 (2023 - \$3,160,150).

(g) Airports Capital Assistance Program

The Municipality entered into an agreement with Transport Canada in 2021 as part of their Airports Capital Assistance Program. This program was designed to provide funding for the rehabilitation of local and regional airports and aerodromes. In 2024, the Municipality received \$2,617,825 (2023 - \$8,403,591).

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

17. Expenses by Object

	Budget (Note 23)	2024	2023
Salaries, wages and benefits	\$ 291,319,538	\$ 289,666,132	\$ 288,729,996
Contracted and general services	106,118,911	119,233,146	136,415,673
Purchases from other governments	37,141,758	37,892,414	38,717,805
Materials, goods, supplies and utilities	55,012,000	53,348,138	53,832,446
Provision for allowances	7,011,090	2,580,503	6,780,047
Transfers (from) to local boards and agencies	-	(72,777)	-
Transfers to individuals and organizations	19,317,807	19,481,659	24,937,450
Bank charges and short-term interest	561,220	662,643	568,828
Interest on long-term debt	715,684	710,644	673,309
Accretion expense	-	1,317,173	1,492,737
Other	16,148	190,152	63,493
Amortization of tangible capital assets	-	153,507,199	143,310,178
Loss on disposal of tangible capital assets	-	-	5,203,382
Write down of tangible capital assets	-	6,678,063	-
Total expenses	\$ 517,214,156	\$ 685,195,089	\$ 700,725,344

18. Contractual rights

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

2025	\$ 1,456,297
2026	1,411,827
2027	1,280,738
2028	983,924
2029	733,113
Thereafter	795,619
	<u>\$ 6,661,518</u>

19. Commitments and contingent liabilities

(a) Operating leases

The Municipality has entered into lease agreements for the leasing of office space and equipment until 2038. The annual lease payments in each of the following years are:

2025	\$ 299,595
2026	30,675
2027	14,475
2028	14,475
2029	14,475
Thereafter	130,275
	<u>\$ 503,970</u>

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

19. Commitments and contingent liabilities (continued)

(b) Borrowing facilities (line of credit)

Pursuant to section 256 of the Municipal Government Act and Municipal Bylaw 16/019, the Municipality is authorized to borrow from the Municipality's financial institution, on a revolving basis, up to \$50,000,000 for the purpose of meeting current operating expenditures and obligations of the Municipality when required. At December 31, 2024, the Municipality had authorized the line of credit available from its bank in the amount of \$25,000,000 (2023 - \$25,000,000). At year end, no amounts were drawn against its available line of credit.

Two of the Municipality's controlled entities entered into banking agreements that include a revolving demand credit facility available in the amount of \$1,000,000 (2023 - \$1,000,000) and \$9,000,000 (2023 - \$9,000,000) which bear interest at prime minus 0.5% and prime plus 3.0% respectively. At December 31, 2024, no amounts were drawn against these facilities (2023 - \$nil). In addition, one of the Municipality's controlled entities has access to a \$300,000 (2023 - \$300,000) Visa business facility which is drawn upon from time to time with their accounts receivable pledged as security on this facility.

(c) Development agreements

Developers have entered into agreements with the Municipality in the amount of approximately \$14,000,000 (2023 - \$15,000,000) and are committed to installing and constructing certain works to serve the development of lands within the Municipality. The Municipality has taken security from developers in the form of deposit liabilities in the amount of \$5,903,949 (2023 - \$6,984,860) and letters of credit in the amount of \$6,323,794 (2023 - \$6,322,196) to ensure performance by the developers under the agreements.

(d) Contingent liabilities

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

The Municipality is a defendant in various lawsuits as at December 31, 2024. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition, and the amount of loss can be reasonably estimated, amounts have been included in accrued liabilities. Where the resulting losses, if any, cannot be determined or the occurrence of future events is unknown, amounts have not been recorded. Any losses arising from these actions will be recorded in the year in which the related litigation is settled.

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

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

20. Salary and benefits disclosure

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

	Salary (a)	Benefits and Allowances (b,c)	Total 2024	Total 2023
Mayor Bowman	\$ 170,680	\$ 40,958	\$ 211,638	\$ 204,934
Ward 1				
Councillor Ball	47,563	19,229	66,792	127,511
Councillor Banjoko	47,563	12,408	59,971	58,765
Councillor Bussieres	47,563	17,357	64,920	62,045
Councillor Dogar	47,563	19,229	66,792	63,809
Councillor Grandison	47,563	17,895	65,458	63,890
Councillor McGrath	47,563	15,426	62,989	60,114
Ward 2				
Councillor Cardinal	47,563	19,229	66,792	63,809
Councillor Waquan	47,563	15,426	62,989	60,114
Ward 3				
Councillor Wigle	47,563	21,137	68,700	65,716
Ward 4				
Councillor Lavallee	4,579	2,228	6,807	-
Former				
Councillor Stroud	31,261	6,211	37,472	54,935
Chief Administrative Officers				
Current	341,775	61,599	403,374	76,215
Former	-	-	-	722,132
Designated Officers (d)	956,149	207,254	1,163,403	1,189,127
	\$ 1,932,511	\$ 475,586	\$ 2,408,097	\$ 2,873,116

(a) Salaries are disclosed as gross wages paid.

(b) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan, Employment Insurance, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

(c) Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including the home equity protection program, special leave with pay, honorarium, car, travel and technology allowances.

(d) The Municipality's four designated officers are the Chief Financial Officer, Chief Legislative Officer, Director of Planning and Development and Municipal Assessor (formerly known as Senior Manager of Assessment and Taxation).

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

21. Segment disclosures

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

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

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

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

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

21. Segment disclosures (continued)

2024										
	Fiscal Services	General Government	Protective Service	Transportation	Environmental Use and Protection	Public Health and Welfare	Planning and Development	Recreation and Culture	Subsidiary Entities	2024 Total
Revenue:										
Net taxes available for municipal purposes	\$ 472,125,429	\$ -	\$ -	\$ -	\$ 180,507	\$ -	\$ -	\$ -	\$ 1,031,374	\$ 473,337,310
Government transfers - operating and capital	-	37,496,381	21,100,479	833,848	-	2,849,872	-	1,030,000	10,144,666	73,455,246
Sales and user charges	5,000	569,322	1,844,929	2,207,693	56,110,173	78,693	31,300	91,668	13,101,402	74,040,180
Sales to other governments	-	349,718	230,613	-	4,191,102	-	-	-	-	4,771,433
Penalties and costs on taxes	7,285,466	71,832	-	-	259,001	-	-	-	-	7,616,299
Licenses and permits	-	378,458	210,627	297,554	-	-	1,229,077	20	(25)	2,115,711
Fines	-	-	348,662	-	-	-	-	-	-	348,662
Franchise and concession contracts	-	8,743,572	-	-	-	-	-	-	-	8,743,572
Returns on investments	-	40,303,677	(2,469)	346	-	2,764	-	23,222	2,461,686	42,789,226
Rentals	-	334,687	651,039	-	-	-	1,555	5,094	21,236,817	22,229,192
Other	-	1,277,167	2,263,685	493,756	677,664	629	46	195,806	3,483,330	8,392,083
Change in asset retirement obligations	-	1,171,776	91,326	17,194	3,154,247	-	-	26,081	-	4,460,624
Gain on disposal of tangible capital assets	-	301,844	-	-	-	-	-	-	45,000	346,844
	479,415,895	90,998,434	26,738,891	3,850,391	64,572,694	2,931,958	1,261,978	1,371,891	51,504,250	722,646,382
Expenses:										
Salaries, wages and benefits	1,529,413	70,755,261	69,262,602	42,421,710	43,810,478	1,993,571	9,351,780	14,573,192	35,968,125	289,666,132
Contracted and general services	236,690	32,680,210	8,682,634	21,218,916	31,175,241	280,007	592,875	6,125,054	18,241,519	119,233,146
Purchases from other governments	-	22,874	37,637,632	214,748	-	-	17,160	-	-	37,892,414
Materials, goods, supplies and utilities	4,488	12,534,877	1,985,642	13,769,201	9,257,629	200,463	25,336	2,057,470	13,513,032	53,348,138
Provision for (recoveries of) allowances	3,492,972	(622,717)	(309,031)	-	18,845	-	-	-	434	2,580,503
Transfers to local boards and agencies	-	-	-	-	-	(72,777)	-	-	-	(72,777)
Transfers to (from) individuals & organizations	-	3,553,587	1,432,615	-	-	35,015,346	888,576	2,273,109	(23,681,574)	19,481,659
Bank charges and short-term interest	-	285,114	12,674	-	45,489	-	30,478	2,094	286,794	662,643
Interest on long-term debt	-	-	-	-	-	-	-	-	710,644	710,644
Accretion expense	-	90,553	29,785	10,434	1,085,287	-	-	100,681	433	1,317,173
Other	-	185,982	3,225	-	945	-	-	-	-	190,152
Write-down of tangible capital assets	-	-	-	-	-	-	-	-	6,678,063	6,678,063
	5,263,563	119,485,741	118,737,778	77,635,009	85,393,914	37,416,610	10,906,205	25,131,600	51,717,470	531,687,890
Annual surplus (deficit), before amortization	474,152,332	(28,487,307)	(91,998,887)	(73,784,618)	(20,821,220)	(34,484,652)	(9,644,227)	(23,759,709)	(213,220)	190,958,492
Amortization of tangible capital assets	-	9,075,983	4,977,308	58,912,491	48,062,990	-	38,487	25,086,680	7,353,260	153,507,199
Annual surplus (deficit)	\$ 474,152,332	\$ (37,563,290)	\$ (96,976,195)	\$ (132,697,109)	\$ (68,884,210)	\$ (34,484,652)	\$ (9,682,714)	\$ (48,846,389)	\$ (7,566,480)	\$ 37,451,293

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

21. Segment disclosures (continued)

	2023									
	Fiscal Services	General Government	Protective Service	Transportation	Environmental Use and Protection	Public Health and Welfare	Planning and Development	Recreation and Culture	Subsidiary Entities	2023 Total
Revenue:										
Net taxes available for municipal purposes	\$ 446,299,361	\$ -	\$ -	\$ 47,495	\$ 174,921	\$ -	\$ -	\$ -	\$ 881,888	\$ 447,403,665
Government transfers - operating and capital	-	660,394	7,341,248	43,405,286	21,133,868	2,945,159	-	132,909	10,145,823	85,764,687
Sales and user charges	-	389,358	1,810,270	1,831,188	50,775,040	61,969	31,600	107,055	13,456,199	68,462,679
Sales to other governments	-	386,981	207,628	-	3,455,132	-	-	-	-	4,049,741
Penalties and costs on taxes	5,997,785	52,008	-	-	231,562	-	-	-	-	6,281,355
Licenses and permits	-	353,016	197,968	319,362	-	-	1,308,487	90	-	2,178,923
Fines	-	1,627	3,178,913	-	-	-	-	-	-	3,180,540
Franchise and concession contracts	-	8,534,636	-	-	-	-	-	-	-	8,534,636
Returns on investments	-	29,166,312	-	384	-	2,692	-	25,679	2,246,994	31,442,061
Rentals	-	342,674	908,380	840	-	-	5,355	12,682	20,234,994	21,504,925
Other	-	6,185,764	2,860,904	308,618	240,857	1,686	790	171,048	3,989,764	13,759,431
	452,297,146	46,072,770	16,505,311	45,913,173	76,011,380	3,011,506	1,346,232	449,463	50,955,662	692,562,643
Expenses:										
Salaries, wages and benefits	-	72,293,008	62,583,658	44,882,422	44,162,753	2,727,870	10,623,689	17,276,895	34,179,701	288,729,996
Contracted and general services	-	41,380,856	7,256,854	23,761,177	23,920,748	2,076,270	2,769,200	9,731,471	25,519,097	136,415,673
Purchases from other governments	-	30,368	38,451,101	223,212	-	-	13,124	-	-	38,717,805
Materials, goods, supplies and utilities	-	12,235,422	2,346,581	13,699,196	8,093,069	271,228	22,499	2,121,589	15,042,862	53,832,446
Provision for (recoveries of) allowances	6,034,118	(11,162)	721,542	-	27,324	-	-	-	8,225	6,780,047
Transfers to (from) individuals & organizations	-	4,088,799	7,663,582	-	-	42,313,652	530,787	977,817	(30,637,187)	24,937,450
Bank charges and short-term interest	-	232,393	12,013	-	44,459	-	34,908	3,175	241,880	568,828
Interest on long-term debt	-	-	-	-	-	-	-	-	673,309	673,309
Accretion expense	-	86,200	28,391	9,946	1,184,869	-	-	95,970	87,361	1,492,737
Other	-	62,336	-	690	467	-	-	-	-	63,493
Loss on disposal of tangible capital assets	-	(481,222)	-	2,853,455	594,950	-	-	(115,050)	2,351,249	5,203,382
	6,034,118	129,916,998	119,063,722	85,430,098	78,028,639	47,389,020	13,994,207	30,091,867	47,466,497	557,415,166
Annual surplus (deficit), before amortization	446,263,028	(83,844,228)	(102,558,411)	(39,516,925)	(2,017,259)	(44,377,514)	(12,647,975)	(29,642,404)	3,489,165	135,147,477
Amortization of tangible capital assets	-	7,442,641	4,828,665	50,598,714	47,451,548	-	-	25,628,396	7,360,214	143,310,178
Annual surplus (deficit)	\$ 446,263,028	\$ (91,286,869)	\$ (107,387,076)	\$ (90,115,639)	\$ (49,468,807)	\$ (44,377,514)	\$ (12,647,975)	\$ (55,270,800)	\$ (3,871,049)	\$ (8,162,701)

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

22. Sales and User Charges by Segment

	Budget (Note 23)	2024	2023
Council and other legislative	\$ 10,000	\$ 8,271	\$ 6,515
General administration	316,800	380,444	306,032
Other general government	97,000	185,607	76,811
Police	230,000	276,584	284,041
Fire	20,000	20,327	23,011
Ambulance and first aid	1,350,000	1,527,618	1,486,156
Bylaw enforcement	11,450	20,400	17,062
Common and equipment pool	24,000	10,094	10,825
Roads, streets, walks, lighting	135,000	148,049	183,699
Public transport	1,320,000	2,049,550	1,636,664
Water supply and distribution	23,018,605	25,299,135	22,219,146
Wastewater treatment and disposal	14,244,553	16,184,553	14,082,639
Waste management	13,035,504	13,190,487	13,318,912
Cemeteries and crematoriums	40,000	78,693	61,969
Land use planning, zoning and development	39,000	31,300	31,600
Public housing operations	54,752	218,828	-
Parks and recreation	14,720,667	14,375,787	14,682,916
Culture: Libraries, museums, halls	30,800	34,453	34,681
Total sales and user charges	\$ 68,698,131	\$ 74,040,180	\$ 68,462,679

23. Budget data

The budget data presented in these consolidated financial statements is based upon the 2024 operating and capital budgets approved by Council .

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

	Budget Amount
Revenue:	
Operating budget	\$ 607,169,340
Capital budget	170,374,800
Subsidiaries' budget	45,559,877
Less:	
Transfers from other funds	158,538,340
Total revenue	664,565,677
Expenses:	
Operating budget	607,169,340
Capital budget	170,374,800
Subsidiaries' budget	47,599,960
Less:	
Transfers to other funds	137,555,144
Capital expenditures	170,374,800
Total expenses	517,214,156
Annual surplus	\$ 147,351,521

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

24. Financial Instruments

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

Credit Risk

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

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

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

Liquidity Risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they become due. The Municipality reduces its liquidity risk by monitoring cash flows, holding sufficient cash on hand, portfolio investments are investment grade and can be converted to cash if necessary, and the Municipality and its subsidiaries have access to unused operating lines of credit of \$35,000,000, if necessary.

Market Risk

Market risk comprises or currency risk and interest rate risk.

Cash and cash equivalents includes \$64,862 (2023 - \$135,923) of foreign currency. Should foreign exchange rates increase or decrease by 10%, remeasurement gains or losses would increase by approximately \$6,500.

Portfolio investments with a carrying value of \$1,157,647,780 (2023 - \$1,121,130,359) are affected by interest rate fluctuations. Should the interest rate increase or decrease by 1%, a combination of annual return on investments and remeasurement gains and losses may fluctuate by approximately \$11,600,000 (2023 - \$11,200,000).

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

25. Natural Disaster Events

(a) Fire Event

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

Impact on Financial Results

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

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

The Municipality applied and was approved for relief under the Province of Alberta's Alberta Emergency Agency's Disaster Recovery Assistance program (DRP). Advances totalling \$232,951,180 have been received from DRP since 2016 to assist in paying for financial commitments resulting from expenses incurred during and after the wildfire. The DRP recovery efforts were completed in full in 2023..

The following amounts recorded in the statement of operations related to the wildfire of 2016:

	2024	2023
Revenue:		
Government transfers for operating	-	(3,471,318)
Expenses (general government):		
Salaries, wages and benefits	-	125,773
Contracted and general services	-	42,850
	-	168,623
Annual deficit	\$ -	\$ (3,639,941)

(b) Flood Event

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

Impact on Financial Results

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

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

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

25. Natural Disaster Events (continued)

(b) Flood Event (continued)

Impact on Financial Results (continued)

The Municipality applied and was approved for relief under the Province of Alberta's Alberta Emergency Agency's Disaster Recovery Assistance program (DRP). Advances totaling \$20,000,000 have been received from DRP to assist in paying for financial commitments resulting from expenses incurred during and after the flood. The DRP recovery submissions were completed by the end of 2024 and the Municipality is awaiting final payments from DRP.

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

	2024	2023
Financial assets		
Trade and other receivables	\$ 9,776,750	\$ 8,855,232
Inventories held for resale	-	999,017
Net financial assets	\$ 9,776,750	\$ 9,854,249

	2024	2023
Revenue:		
Government transfers for operating	\$ 2,021,338	\$ 1,120,124
Other	(125,000)	881,074
	1,896,338	2,001,198
Expenses (disaster and emergency measures):		
Salaries, wages and benefits	176,753	-
Contracted and general services	2,893,473	1,111,995
Materials, goods, supplies and utilities	72	-
Transfers to individuals and organizations	-	7,500,728
	3,070,298	8,612,723
Annual Deficit	\$ (1,173,960)	\$ (6,611,525)

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

(c) Wildfire Event - 2023 Rocky River Fire

On May 30th, 2023, a wildfire began in the northern region of the Regional Municipality of Wood Buffalo, resulting in an evacuation of the community of Fort Chipewyan.

Impact on Financial Results

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

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

25. Natural Disaster Events (continued)

(c) Wildfire Event - 2023 Rocky River Fire (continued)

Impact on Financial Results (continued)

The Municipality applied and was approved in 2024 for relief under the Province of Alberta's Alberta Emergency Agency's Disaster Recovery Assistance program (DRP). Cost recovery on this event from DRP is 90% of approved costs. The DRP recovery efforts are forecast to be finished by the end of 2025.

The following amounts recorded in the statement of operations and statement of financial position related to the 2023 fire event:

	2024	2023
Financial assets		
Trade and other receivables	\$ 3,758,356	\$ -
Net financial assets	\$ 3,758,356	\$ -
	2024	2023
Revenue:		
Government transfers for operating	\$ 3,758,356	\$ -
Expenses:		
Salaries, wages and benefits	196,611	807,831
Contracted and general services	124,825	2,507,370
Materials, goods, supplies and utilities	119,470	419,844
	440,906	3,735,045
Annual surplus (deficit)	\$ 3,317,450	\$ (3,735,045)

(d) Wildfire Event – 2024 MWF-017

On May 14th, 2024, a wildfire began in southwest of Fort McMurray in the Regional Municipality of Wood Buffalo, resulting in an evacuation of the neighbourhoods of Beacon Hill and Abasand.

Impact on Financial Results

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

The Municipality applied and was approved in 2024 for relief under the Province of Alberta's Alberta Emergency Agency's Disaster Recovery Assistance program (DRP). Cost recovery on this event from DRP is 90% of approved costs. The DRP recovery efforts are forecast to be finished by the end of 2026.

REGIONAL MUNICIPALITY OF WOOD BUFFALO

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2024

25. Natural Disaster Events (continued)

(d) *Wildfire Event - 2024 MWF-017 (continued)*

The following amounts recorded in the statement of operations and statement of financial position related to the 2024 fire event.

	2024	2023
Financial assets		
Trade and other receivables	\$ 218,727	\$ -
Net financial assets	\$ 218,727	\$ -
	2024	2023
Revenue:		
Government transfers for operating	\$ 218,727	\$ -
Expenses:		
Salaries, wages and benefits	100,987	-
Contracted and general services	104,736	-
Materials, goods, supplies and utilities	37,307	-
	243,030	-
Annual surplus (deficit)	\$ (24,303)	\$ -

Measurement Uncertainty

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

26. Comparative figures

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

27. Approval of financial statements

These financial statements were presented and approved by Council on April 22, 2025.