

TOWN OF WAINWRIGHT
Financial Statements
Year Ended December 31, 2017

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MANAGEMENT REPORT

The accompanying financial statements and other information contained in the Financial Report are the responsibility of the management of the Town of Wainwright.

These financial statements have been prepared by management. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Town of Wainwright maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

The elected council of the Town of Wainwright is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out its responsibility principally through the Finance and Administration Committee.

The Mayor and Chief Administrative Officer meet annually with management and external auditors to discuss internal controls over the financial reporting issues, and to satisfy themselves that each party is properly discharging its responsibilities. The Finance and Administration Committee also considers, for approval by Council, the engagement or re-appointment of the external auditors. The Finance and Administration Committee reviews the monthly budget reports.

The financial statements have been audited by Donald L. Isaman Professional Corporation, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of Council, residents and ratepayers of the Town. Donald L. Isaman Professional Corporation has full and free access to the Finance and Administration Committee.

Chief Administrative Officer
March 6, 2018



DONALD L. ISAMAN
PROFESSIONAL CORPORATION
Chartered Accountant

INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Town of Wainwright, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and accumulated surplus, change in net financial assets, cash flows and supporting schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with all ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Wainwright as at December 31, 2017, the results of its operations, change in its net financial assets, cash flows and supporting schedules for the year then ended in accordance with Canadian public sector accounting standards.

Wainwright, Alberta
March 6, 2018

Donald L. Isaman
Professional Corporation
Chartered Accountant

TOWN OF WAINWRIGHT

STATEMENT 1

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

	2017	2016
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	5,341,054	9,268,694
Taxes and grants in lieu receivables (Note 3)	152,628	134,372
Receivables from other governments	2,678,477	490,970
Trade and other receivables (Note 4)	1,189,826	1,081,823
Land inventory held for resale	4,826,720	4,871,246
Investment in Gas Alberta Inc.	659	659
Investments (Note 5)	<u>2,500,000</u>	<u>4,000,000</u>
	<u>16,689,364</u>	<u>19,847,764</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,117,994	658,603
Accrued wages and benefits	-	104,070
Deferred revenue (Note 6)	121,827	272,962
Deposit liability	46,043	66,543
Employee benefit obligations (Note 7)	546,496	477,858
Payable to other governments	467,415	294,934
Other current liabilities	28,707	72,986
Long term debt (Note 8)	-	874,807
	<u>2,328,482</u>	<u>2,822,763</u>
NET FINANCIAL ASSETS	<u>14,360,882</u>	<u>17,025,001</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	77,614,644	67,013,319
Prepaid expenses	<u>64,522</u>	<u>8,416</u>
	<u>77,679,166</u>	<u>67,021,735</u>
ACCUMULATED SURPLUS (Schedule 1, Note 10)	<u>92,040,048</u>	<u>84,046,736</u>

SIGNED ON BEHALF OF COUNCIL:

Brian Rothman
.....
Cellan
.....

MAYOR

CHIEF ADMINISTRATIVE OFFICER



TOWN OF WAINWRIGHT

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS YEAR ENDED DECEMBER 31, 2017

	Budget (Unaudited)	2017	2016
REVENUE			
Net taxes available for municipal purposes (Schedule 3)	5,706,172	5,689,735	5,632,265
Gain on sale of tangible capital assets	-	15,698	16,706
Government transfers for operating (Schedule 4)	1,138,887	1,122,894	1,090,157
Investment income	75,000	206,569	223,051
Licenses and permits	526,800	595,466	566,844
Other	100,500	276,029	259,628
Penalties and costs of taxes	50,450	74,485	54,643
User fees and sales of goods	9,287,417	9,710,723	8,666,902
TOTAL REVENUE	<u>16,885,226</u>	<u>17,691,599</u>	<u>16,510,196</u>
EXPENSES			
Council	249,133	211,441	233,289
General Administration	967,978	993,193	1,155,632
Police	1,431,888	1,484,500	1,355,011
Fire	370,228	389,159	383,460
Bylaw Enforcement	136,909	122,794	114,545
Common Services	618,168	638,049	698,051
Roads and Streets	1,144,204	1,685,287	1,672,751
Airport	31,812	67,101	68,907
Storm Sewers	123,510	276,913	199,628
Water Supply	2,084,926	2,595,836	1,736,753
Sanitary Sewage Service	408,744	549,287	498,678
Garbage Collection	526,352	482,636	487,390
Family and Community Services	401,484	343,765	342,915
Cemeteries	92,595	85,855	88,848
Municipal Planning	417,605	401,764	433,525
Subdivision Land	86,000	84,850	86,175
Parks and Recreation Board	97,569	92,349	97,026
Parks and Recreations Facilities	2,599,050	3,038,133	2,868,441
Culture	245,437	235,334	236,747
Gas Distribution	2,718,555	2,778,763	2,451,705
TOTAL EXPENSES	<u>14,752,147</u>	<u>16,557,009</u>	<u>15,209,477</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER	<u>2,133,079</u>	<u>1,134,590</u>	<u>1,300,719</u>
OTHER			
Cost recovery	-	-	-
Government transfers for capital (Schedule 4)	4,938,389	6,858,722	4,388,696
	<u>4,938,389</u>	<u>6,858,722</u>	<u>4,388,696</u>
EXCESS OF REVENUE OVER EXPENSES	7,071,468	7,993,312	5,689,415
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>84,046,736</u>	<u>84,046,736</u>	<u>78,357,321</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>91,118,204</u>	<u>92,040,048</u>	<u>84,046,736</u>



TOWN OF WAINWRIGHT

STATEMENT 3

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2017**

	2017	2016
EXCESS OF REVENUES OVER EXPENSES	<u>7,993,312</u>	<u>5,689,415</u>
Acquisition of tangible capital assets	(12,821,536)	(6,730,877)
Contributed tangible capital assets	-	-
Proceeds on disposal of tangible capital assets	125,018	74,510
Amortization of tangible capital assets	2,110,891	2,070,179
Gain on sale of tangible capital assets	<u>(15,698)</u>	<u>(16,706)</u>
	<u>(10,601,325)</u>	<u>(4,602,894)</u>
Acquisition of prepaid assets	(64,522)	(8,416)
Use of prepaid assets	8,416	8,229
	<u>(56,106)</u>	<u>(187)</u>
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(2,664,119)	1,086,334
NET FINANCIAL ASSETS , BEGINNING OF YEAR	<u>17,025,001</u>	<u>15,938,667</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>14,360,882</u></u>	<u><u>17,025,001</u></u>



TOWN OF WAINWRIGHT

STATEMENT 4

**CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017**

	2017	2016
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses (Statement 2)	7,993,312	5,689,415
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	2,110,891	2,070,179
Gain on disposal of tangible capital assets	(15,698)	(16,706)
Non-cash charges to operations (net change):		
Increase in taxes and grants in lieu receivables	(18,256)	(36,940)
Increase in receivables from other governments	(2,187,507)	(222,330)
Increase in trade and other receivables	(108,003)	(305,531)
Increase in prepaid expenses	(56,106)	(187)
Decrease in land inventory held for resale	44,526	42,318
Increase in accounts payable and accrued liabilities	459,391	90,693
Decrease in deferred revenue	(151,135)	(2,362,810)
Increase in employee benefit obligations	68,638	113,630
(Decrease) increase in accrued wages and benefits	(104,070)	104,070
Increase in payable to other governments	172,481	130,698
Decrease in deposit liability	(20,500)	(33,201)
(Decrease) increase in other current liabilities	(44,279)	38,553
Cash provided by operating transactions	8,143,685	5,301,851
CAPITAL		
Acquisition of tangible capital assets	(12,821,536)	(6,730,877)
Sale of tangible capital assets	125,018	74,510
Cash applied to capital transactions	(12,696,518)	(6,656,367)
INVESTING		
Decrease in restricted cash or cash equivalents	215,914	2,357,458
Decrease in investments	1,500,000	2,543,000
Cash provided by investing transactions	1,715,914	4,900,458
FINANCING		
Long term debt issued	-	-
Long term debt repaid	(874,807)	(1,034,657)
Cash applied to financing transactions	(874,807)	(1,034,657)
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(3,711,726)	2,511,285
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,856,203	6,344,918
CASH AND CASH EQUIVALENTS, END OF YEAR	5,144,477	8,856,203



TOWN OF WAINWRIGHT

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS, CONTINUED
YEAR ENDED DECEMBER 31, 2017

	2017	2016
Cash and cash equivalents is made up of :		
Cash and temporary investments (Note 2)	5,341,054	9,268,694
Less: restricted portion of cash and temporary investments (Note 2)	<u>(196,577)</u>	<u>(412,491)</u>
	<u>5,144,477</u>	<u>8,856,203</u>



**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017****1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Wainwright are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the town are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity.

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

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

Basis of Accounting

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

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

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

Use of Estimates

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

Government Transfers

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

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

TOWN OF WAINWRIGHT

NOTES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES - continued

Requisition Over-levy and Under-levy

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

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

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

Non-Financial Assets

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

Tangible Capital Assets

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

	<u>Years</u>
Buildings	25-50
Engineered structures	5-75
Gas distribution system	35-75
Machinery and equipment	5-40
Vehicles	10-25
Land Improvements	15-25

One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

Contributions of Tangible Capital Assets

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

Land Inventory for Resale

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



TOWN OF WAINWRIGHT

NOTES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Instruments

The Municipality initially measures all of its financial assets and liabilities at fair value.

The Municipality subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include accounts receivables.

Financial liabilities measured at amortized cost include bank loans, accounts payable and accrued liabilities.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of reversal is recognized in the excess of revenue over expenses.

Investments

Investments are recorded at cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2017</u>	<u>2016</u>
Cash	5,341,054	2,268,694
Temporary investments	<u>-</u>	<u>7,000,000</u>
	<u>5,341,054</u>	<u>9,268,694</u>

Temporary investments are short term deposits with maturities of three months or less. Included in the above balances are \$196,577 (2016 - \$412,491) of funds restricted in use.



TOWN OF WAINWRIGHT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTES

3. TAXES AND GRANTS IN LIEU RECEIVABLES

	<u>2017</u>	<u>2016</u>
Current taxes and grants in lieu	109,640	101,778
Tax arrears and grants in lieu	<u>42,988</u>	<u>32,594</u>
	<u>152,628</u>	<u>134,372</u>

4. TRADE AND OTHER RECEIVABLES

	<u>2017</u>	<u>2016</u>
Trade receivables	220,378	250,409
Utility receivables	901,948	763,914
Debenture due from Gas Alberta Inc., non-interest bearing, receivable in one lump sum, due when services provided to the Town are ceased.	<u>67,500</u>	<u>67,500</u>
	<u>1,189,826</u>	<u>1,081,823</u>

5. INVESTMENTS

	<u>2017</u> <u>Cost</u>	<u>2017</u> <u>Market</u> <u>Value</u>	<u>2016</u> <u>Cost</u>	<u>2016</u> <u>Market</u> <u>Value</u>
Short term deposits	<u>2,500,000</u>	<u>2,500,000</u>	<u>4,000,000</u>	<u>4,000,000</u>
	<u>2,500,000</u>	<u>2,500,000</u>	<u>4,000,000</u>	<u>4,000,000</u>

Short term deposits have effective interest rates of 1.6% (2016 – 1.6%) and mature in less than one year.



TOWN OF WAINWRIGHT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTES

6. DEFERRED REVENUE

	<u>2017</u>	<u>2016</u>
Airport Lighting	20,805	-
Alberta Community Partnership	88,126	-
Community Support Program	12,563	-
Disaster Power Backup	-	172,790
Municipal Sustainability Initiative	-	90,348
Welcoming Communities	<u>333</u>	<u>9,824</u>
	<u>121,827</u>	<u>272,962</u>

Airport Lighting

Balance of funding in the amount of \$20,805 for the airport lighting project.

Alberta Community Partnership

Funding in the amount of \$200,000 was received from Intermunicipal Collaboration funding. During the year, \$111,874 was spent on projects.

Community Support Program

Funding in the amount of \$29,597 was received. During the year, \$17,034 was spent on projects.

Disaster Power Backup

No new funding was received during the year. All deferred funds were spent during the year.

Municipal Sustainability Initiative

Funding in the amount of \$1,450,369 was received from the Municipal Sustainability Initiative (MSI). Interest in the amount of \$8,003 has been paid on the MSI funds over the past year. During the year, \$1,548,720 was spent on projects.

Welcoming Communities

No new funding was received during the year and \$9,491 was spent on projects.



TOWN OF WAINWRIGHT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTES

7. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations liability is comprised of the vacation and sick days that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

	<u>2017</u>	<u>2016</u>
Accrued employee vacation	238,488	220,952
Accrued employee sick days	<u>308,008</u>	<u>256,906</u>
	<u>546,496</u>	<u>477,858</u>

8. LONG TERM DEBT

	<u>2017</u>	<u>2016</u>
Bank loans	<u>=</u>	<u>874,807</u>

The current portion of the long term debt amounts to \$0 (2016 - \$874,807).

Bank loans was repayable in annual instalments of \$1,091,807 including principal and interest at 2.98%. The bank loan was paid in full on May 29, 2017. The bank loan was secured by general security agreement.

Interest on long term debt amounted to \$10,642 (2016 - \$38,790).

The Town's total cash payment for interest in 2017 was \$25,956 (2016 - \$57,150).

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2017</u>	<u>2016</u>
Tangible capital assets (Schedule 2)	113,408,236	100,912,037
Accumulated amortization (Schedule 2)	<u>(35,793,592)</u>	<u>(33,898,718)</u>
	<u>77,614,644</u>	<u>67,013,319</u>



TOWN OF WAINWRIGHT

NOTES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

10. ACCUMULATED SURPLUS

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

	<u>2017</u>	<u>2016</u>
Unrestricted surplus	2,413,428	2,403,267
Restricted surplus (Note 11)	12,011,976	14,630,150
Equity in tangible capital assets (Note 9)	<u>77,614,644</u>	<u>67,013,319</u>
	<u>92,040,048</u>	<u>84,046,736</u>

11. RESTRICTED SURPLUS

Restricted surplus activities changed as follows:

	2017			2016
	Increases	Decreases	Balance	Balance
Administration	-	-	535,127	535,127
Arena	-	24,911	14,176	39,087
Cemetery	-	-	5,341	5,341
Centennial celebration	-	9,094	10,332	19,426
Common services	260,000	268,608	510,215	518,823
Communiplex	-	-	56,344	56,344
Curling rink	22,000	20,000	22,000	20,000
Economic development	-	11,647	-	11,647
Fire equipment	60,000	-	412,645	352,645
Gas	44,726	-	1,391,642	1,346,916
General administration	83,200	-	164,739	81,539
Land development	955,416	45,362	5,062,488	4,152,434
Mainstreet lighting	234,623	975,000	197,643	938,020
Off-site costs	18,150	600,000	238,916	820,766
Parking	69,000	177,791	62,710	171,501
Parks	38,912	-	444,968	406,056
Parks and culture	-	-	25,000	25,000
Parks equipment	35,000	37,360	120,471	122,831
Photo radar	104,567	42,341	200,000	137,774
Police	-	-	38,608	38,608
Recreation facilities	100,000	88,460	201,026	189,486
Road maintenance	-	70,000	535,047	605,047
Sewer expansion	300,000	-	912,000	612,000
Storm water	300,000	3,073,194	-	2,773,194
Waterline	200,000	-	850,538	650,538
	<u>2,825,594</u>	<u>5,443,768</u>	<u>12,011,976</u>	<u>14,630,150</u>



TOWN OF WAINWRIGHT

NOTES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017

12. DEBT LIMITS

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

	<u>2017</u>	<u>2016</u>
Total debt limit	26,606,795	24,765,293
Total debt	-	874,807
Amount of debt limit unused	<u>26,606,795</u>	<u>23,890,486</u>
Debt servicing limit	4,434,466	4,127,549
Debt servicing	-	900,876
Amount of debt servicing limit unused	<u>4,434,466</u>	<u>3,226,673</u>

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

13. LOCAL AUTHORITIES PENSION PLAN

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

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

The Town of Wainwright is required to make current service contributions to the LAPP of 11.39% (2016 – 11.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% (2016 – 15.84%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 10.39% (2016 – 10.39%) of pensionable salary up to the year's maximum pensionable salary and 14.84% (2016 – 14.84%) on pensionable salary above this amount.

Total current service contributions by the Town of Wainwright to the LAPP in 2017 were \$387,274 (2016 - \$365,249). Total current service contributions by the employees of the Town of Wainwright to the LAPP in 2017 were \$356,294 (2016 - \$335,814).

At December 31, 2016, the LAPP disclosed an actuarial deficiency of \$637 million.



TOWN OF WAINWRIGHT

NOTES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

14. SALARY AND BENEFITS DISCLOSURE

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

	2017			2016
	Salary	Benefits and Allowances	Total	Total
Mayor				
Brian Bethune	27,303	-	27,303	27,072
Councillors				
William Challenger	17,096	1,242	18,338	17,759
Bob Foley	19,695	3,511	23,206	17,056
Ariel Haubrich	3,371	-	3,371	-
Heather MacDonald	5,021	1,208	6,229	-
Patricia MacGregor	5,529	-	5,529	16,593
Patrick Moroz	16,645	545	17,190	16,512
Bruce Pugh	15,345	-	15,345	15,423
Randy Tizzard	12,374	-	12,374	18,343
Chief Adm. Officer				
Ed Chow	150,127	1,829	151,956	140,914

- (a) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (b) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.
- (c) Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

15. CONTINGENCIES

The Town of Wainwright is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Town of Wainwright could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The Town of Wainwright has been named as defendant in two lawsuits to recover damages to land and property allegedly caused by the Town. These lawsuits are still pending, and as litigation is subject to many uncertainties, it is not possible to predict the outcome of the lawsuits or to estimate the loss, if any, which may result.



TOWN OF WAINWRIGHT

NOTES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017

16. SEGMENTED DISCLOSURE

The Town of Wainwright provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (schedule 6).

17. FINANCIAL INSTRUMENTS

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

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

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

18. COMMITMENT

The Town has guaranteed a loan with Wainwright Credit Union Ltd. in the amount of \$475,000 on behalf of the Wainwright Golf and Country Club.

19. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

20. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

TOWN OF WAINWRIGHT

SCHEDULE 1

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2017

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2017 \$	2016 \$
BALANCE, BEGINNING OF YEAR	2,403,267	14,630,150	67,013,319	84,046,736	78,357,321
Excess of revenues over expenses	7,993,312	-	-	7,993,312	5,689,415
Unrestricted funds designated for future use	(2,825,594)	2,825,594	-	-	-
Restricted funds used for operations	1,351,235	(1,351,235)	-	-	-
Restricted funds used for tangible capital assets	-	(4,092,533)	4,092,533	-	-
Current year funds used for tangible capital assets	(8,729,003)	-	8,729,003	-	-
Contributed tangible capital assets	-	-	-	-	-
Disposal of tangible capital assets	109,320	-	(109,320)	-	-
Annual amortization expenses	2,110,891	-	(2,110,891)	-	-
Long term debt repaid	-	-	-	-	-
Change in accumulated surplus	10,161	(2,618,174)	10,601,325	7,993,312	5,689,415
BALANCE, END OF YEAR	2,413,428	12,011,976	77,614,644	92,040,048	84,046,736



TOWN OF WAINWRIGHT

SCHEDULE 2

**SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2017**

	Land	Buildings	Engineered Structures	Gas Distribution	Machinery and Equipment	Vehicles	2017 \$	2016 \$
COST								
BALANCE, BEGINNING OF YEAR	3,079,674	18,529,154	71,220,655	2,670,507	3,478,785	1,933,263	100,912,037	94,247,576
Acquisition of tangible capital assets	1,164,575	469,876	10,609,166	48,927	508,992	-	12,821,536	6,730,877
Construction-in-progress	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	(325,337)	-	(325,337)	(66,416)
Write down of tangible capital assets	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	4,264,249	18,999,030	81,829,821	2,719,434	3,662,440	1,933,263	113,408,236	100,912,037
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	7,563,683	22,409,834	791,341	2,046,077	1,087,784	33,898,718	31,837,151
Annual amortization	-	376,240	1,318,992	74,063	234,607	106,989	2,110,891	2,070,179
Accumulated amortization on disposals	-	-	-	-	(216,017)	-	(216,017)	(8,612)
BALANCE, END OF YEAR	-	7,939,923	23,728,826	865,404	2,064,667	1,194,773	35,793,592	33,898,718
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,264,249	11,059,107	58,100,995	1,854,030	1,597,773	738,490	77,614,644	67,013,319
2016 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	3,079,674	10,965,471	48,810,821	1,879,166	1,432,708	845,479	67,013,319	



TOWN OF WAINWRIGHT

SCHEDULE 3

**SCHEDULE OF PROPERTY TAXES
YEAR ENDED DECEMBER 31, 2017**

	Budget (Unaudited)	2017	2016
TAXATION			
Property taxes			
- residential	5,260,382	5,259,717	5,142,960
- commercial	1,889,632	1,887,418	1,845,320
- industrial	784,033	787,057	755,272
- farmland	175	175	173
- special assessment	-	-	-
- electric power	95,680	95,681	87,514
- pipeline	3,649	3,650	4,025
- cable television	9,362	9,362	9,258
- machinery and equipment	79,977	72,093	83,987
Government grants in place of property taxes			
- federal	8,415	8,416	8,285
- provincial	23,760	23,761	24,408
	<u>8,155,065</u>	<u>8,147,330</u>	<u>7,961,202</u>
REQUISITIONS			
School Foundation Fund	1,888,091	1,894,856	1,833,264
Wainwright East Central Catholic	400,109	402,045	361,101
Battle River Foundation	120,444	120,444	113,001
Wainwright and District Ambulance Society and E911	40,249	40,250	21,571
	<u>2,448,893</u>	<u>2,457,595</u>	<u>2,328,937</u>
NET MUNICIPAL TAXES	<u>5,706,172</u>	<u>5,689,735</u>	<u>5,632,265</u>



TOWN OF WAINWRIGHT

SCHEDULE 4

**SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2017**

	Budget (Unaudited)	2017	2016
TRANSFERS FOR OPERATING:			
Federal government	7,000	10,980	10,044
Local government	319,303	331,176	325,847
Provincial government	<u>812,584</u>	<u>780,738</u>	<u>754,266</u>
	<u>1,138,887</u>	<u>1,122,894</u>	<u>1,090,157</u>
TRANSFERS FOR CAPITAL:			
Federal government	46,264	46,264	-
Local government	38,750	20,794	15,000
Provincial government	<u>4,853,375</u>	<u>6,791,664</u>	<u>4,373,696</u>
	<u>4,938,389</u>	<u>6,858,722</u>	<u>4,388,696</u>
TOTAL GOVERNMENT TRANSFERS	<u>6,077,276</u>	<u>7,981,616</u>	<u>5,478,853</u>



TOWN OF WAINWRIGHT

SCHEDULE 5

SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
YEAR ENDED DECEMBER 31, 2017

	Budget (Unaudited)	2017	2016
CONSOLIDATED EXPENSES BY OBJECT			
Amortization of tangible capital assets	-	2,110,891	2,070,179
Bank charges and short-term interest	1,100	1,373	871
Contracted and general services	4,269,114	4,283,019	3,853,958
Interest on long term debt	-	-	-
Materials, goods and utilities	4,874,487	4,729,149	3,843,528
Salaries, wages and benefits	4,958,048	4,827,248	4,825,509
Transfers to local boards and agencies	649,398	605,329	615,432
Loss on disposal of tangible capital assets	-	-	-
	<u>14,752,147</u>	<u>16,557,009</u>	<u>15,209,477</u>



TOWN OF WAINWRIGHT

SCHEDULE OF SEGMENTED DISCLOSURE
YEAR ENDED DECEMBER 31, 2017

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Gas Distribution	Other	Total \$
REVENUE									
Net municipal taxes	5,689,735	-	-	-	-	-	-	-	5,689,735
Government transfers	37,581	521,857	538,509	44,025	424,682	6,109,643	-	305,319	7,981,616
User fees and sales of goods	105,103	690,843	261,976	991,101	862,056	3,877,637	3,477,700	39,773	10,306,189
Investment income	206,569	-	-	-	-	-	-	-	206,569
Penalties and costs of taxes	47,874	-	-	-	-	5,325	21,286	-	74,485
Other revenues	-	-	-	-	-	-	-	291,727	291,727
	6,086,862	1,212,700	800,485	1,035,126	1,286,738	9,992,605	3,498,986	636,819	24,550,321
EXPENSES									
Contract & general services	424,107	1,390,768	320,638	210,217	458,521	1,213,976	219,780	45,012	4,283,019
Salaries & wages	596,154	431,325	732,317	268,841	1,651,609	505,384	566,043	75,575	4,827,248
Goods & supplies	77,410	77,976	482,991	6,826	554,924	1,608,940	1,918,848	1,234	4,729,149
Transfers to local boards	49,500	-	-	-	250,510	-	-	305,319	605,329
Long-term debt interest	-	-	-	-	-	-	-	-	-
Other expenses	1,344	-	-	-	-	-	29	-	1,373
	1,148,515	1,900,069	1,535,946	485,884	2,915,564	3,328,300	2,704,700	427,140	14,446,118
NET REVENUE, BEFORE AMORTIZATION	4,938,347	(687,369)	(735,461)	549,242	(1,628,826)	6,664,305	794,286	209,679	10,104,203
Amortization expense	(56,119)	(96,384)	(854,491)	(730)	(450,252)	(576,372)	(74,063)	(2,480)	(2,110,891)
NET REVENUE	4,882,228	(783,753)	(1,589,952)	548,512	(2,079,078)	6,087,933	720,223	207,199	7,993,312

