

TOWN OF WAINWRIGHT
Financial Statements
Year Ended December 31, 2022

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

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

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

The consolidated financial statements have been audited by Isaman Chopek LLP, independent external auditors appointed by the Town. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.

Chief Administrative Officer
March 7, 2023

Assistant Director of Finance
March 7, 2023

INDEPENDENT AUDITORS' REPORT

To the Members of Council:

Opinion

We have audited the consolidated financial statements of the Town of Wainwright (the Entity), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and accumulated surplus, change in net financial assets, cash flows and supporting schedules for the year then ended, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Wainwright as at December 31, 2022, 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.

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 management either intends to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objective is 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional scepticism 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion of the financial statements. We are responsible for the direction, supervision and performance 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.

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

Report of Other Legal and Regulatory Requirements

- Debt Limit Regulations:
In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in note 13.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 1.

Wainwright, Alberta
March 7, 2023

Isamand Chapel LLP

Chartered Professional Accountants



TOWN OF WAINWRIGHT

STATEMENT 1

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	7,109,663	8,088,225
Taxes and grants in lieu receivables (Note 3)	211,756	174,103
Receivables from other governments	3,344,278	2,339,135
Trade and other receivables (Note 4)	2,037,530	1,716,216
Inventory held for resale (Note 5)	6,690,047	6,990,678
Investment in Gas Alberta Inc.	746	746
Investments (Note 6)	<u>14,000,000</u>	<u>13,500,000</u>
	<u>33,394,020</u>	<u>32,809,103</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,115,079	1,060,909
Accrued wages and benefits	71,778	57,589
Deferred revenue (Note 7)	2,119,362	1,950,593
Deposit liability	16,843	18,843
Employee benefit obligations (Note 8)	365,457	377,062
Payable to other governments	790,197	728,591
Other current liabilities	481,489	425,954
Long term debt (Note 9)	2,750,000	3,250,000
Tax trust funds	16,763	16,369
	<u>7,726,968</u>	<u>7,885,910</u>
NET FINANCIAL ASSETS	<u>25,667,052</u>	<u>24,923,193</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	84,528,983	82,224,235
Prepaid expenses	254,534	89,836
	<u>84,783,517</u>	<u>82,314,071</u>
ACCUMULATED SURPLUS (Schedule 1, Note 11)	<u>110,450,569</u>	<u>107,237,264</u>

SIGNED ON BEHALF OF COUNCIL:

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MAYOR

CHIEF ADMINISTRATIVE OFFICER

TOWN OF WAINWRIGHT

STATEMENT 2

**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2022**

	Budget (Unaudited)	2022	2021
REVENUE			
Net taxes available for municipal purposes (Schedule 3)	6,558,547	6,559,975	6,326,203
Gain on sale of tangible capital assets	-	1,400	-
Government transfers for operating (Schedule 4)	2,536,917	2,131,978	2,155,161
Investment income	325,313	803,500	376,396
Licenses and permits	201,400	235,892	247,434
Other	17,500	60,416	98,703
Penalties and costs of taxes	68,650	103,852	98,104
User fees and sales of goods	12,198,956	13,102,288	11,818,489
TOTAL REVENUE	<u>21,907,283</u>	<u>22,999,301</u>	<u>21,120,490</u>
EXPENSES			
Council	314,020	257,499	204,355
General Administration	1,212,857	1,164,073	978,115
Police	1,484,808	1,582,345	1,380,404
Fire and Disaster Services	568,936	501,975	614,461
Bylaw Enforcement	110,429	87,716	90,271
Common Services	662,635	795,606	721,928
Roads and Streets	1,375,211	2,104,934	2,013,189
Airport	36,851	81,413	81,257
Safety	65,869	57,412	-
Storm Sewers	264,480	589,570	576,719
Water Supply	3,410,208	3,339,796	3,015,137
Sanitary Sewage Service	455,502	591,592	528,609
Garbage Collection	469,631	444,013	455,742
Family and Community Services	350,748	350,001	349,748
Cemeteries	98,374	78,515	85,665
Municipal Planning	758,524	535,647	601,998
Subdivision Land	400,000	304,813	136,580
Parks and Recreation Board	103,764	86,945	89,184
Parks and Recreations Facilities	3,243,752	3,527,081	3,077,371
Culture	275,510	267,481	263,153
Gas Distribution	3,661,410	4,944,149	3,695,243
TOTAL EXPENSES	<u>19,323,519</u>	<u>21,692,576</u>	<u>18,959,129</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER	<u>2,583,764</u>	<u>1,306,725</u>	<u>2,161,361</u>
OTHER			
Government transfers for capital (Schedule 4)	2,148,806	1,906,580	3,129,230
	<u>2,148,806</u>	<u>1,906,580</u>	<u>3,129,230</u>
EXCESS OF REVENUE OVER EXPENSES	4,732,570	3,213,305	5,290,591
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>107,237,264</u>	<u>107,237,264</u>	<u>101,946,673</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>111,969,834</u>	<u>110,450,569</u>	<u>107,237,264</u>

TOWN OF WAINWRIGHT

STATEMENT 3

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2022**

	Budget (Unaudited)	2022	2021
EXCESS OF REVENUES OVER EXPENSES	<u>4,732,570</u>	<u>3,213,305</u>	<u>5,290,591</u>
Acquisition of tangible capital assets	(6,971,327)	(4,929,427)	(4,650,866)
Contributed tangible capital assets	-	-	-
Proceeds on disposal of tangible capital assets	-	9,238	64,374
Amortization of tangible capital assets	-	2,616,841	2,530,808
(Gain) loss on sale of tangible capital assets	-	(1,400)	10,878
	<u>(6,971,327)</u>	<u>(2,304,748)</u>	<u>(2,044,806)</u>
Acquisition of prepaid assets	-	(200,589)	(89,836)
Use of prepaid assets	-	35,891	130,750
	-	<u>(164,698)</u>	<u>40,914</u>
INCREASE IN NET FINANCIAL ASSETS	(2,238,757)	743,859	3,286,699
NET FINANCIAL ASSETS , BEGINNING OF YEAR	<u>24,923,193</u>	<u>24,923,193</u>	<u>21,636,494</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>22,684,436</u>	<u>25,667,052</u>	<u>24,923,193</u>

TOWN OF WAINWRIGHT

STATEMENT 4

**CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses (Statement 2)	3,213,305	5,290,591
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	2,616,841	2,530,808
(Gain) loss on disposal of tangible capital assets	(1,400)	10,878
Non-cash charges to operations (net change):		
Increase in taxes and grants in lieu receivables	(37,653)	(13,869)
Increase in receivables from other governments	(1,005,143)	(1,323,626)
Increase in trade and other receivables	(321,314)	(502,634)
(Increase) decrease in prepaid expenses	(164,698)	40,914
Decrease (increase) in land inventory held for resale	300,631	(391,048)
Increase in accounts payable and accrued liabilities	54,170	406,570
Increase (decrease) in deferred revenue	168,769	(407,619)
(Decrease) increase in employee benefit obligations	(11,605)	11,749
Increase in accrued wages and benefits	14,189	8,422
Increase in payable to other governments	61,606	181,641
Decrease in deposit liability	(2,000)	(3,000)
Increase in other current liabilities	55,535	325,709
Increase in tax trust funds	394	115
Cash provided by operating transactions	4,941,627	6,165,601
CAPITAL		
Acquisition of tangible capital assets	(4,929,427)	(4,650,866)
Sale of tangible capital assets	9,238	64,374
Cash applied to capital transactions	(4,920,189)	(4,586,492)
INVESTING		
Decrease in restricted cash or cash equivalents	1,208,866	84,796
(Increase) decrease in investments	(500,000)	2,000,000
Cash provided by investing transactions	708,866	2,084,796
FINANCING		
Long term debt repaid	(500,000)	(500,000)
Cash applied to financing transactions	(500,000)	(500,000)
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	230,304	3,163,905
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,676,466	2,512,561
CASH AND CASH EQUIVALENTS, END OF YEAR	5,906,770	5,676,466

TOWN OF WAINWRIGHT

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS, CONTINUED
YEAR ENDED DECEMBER 31, 2022

	2022	2021
Cash and cash equivalents is made up of :		
Cash and temporary investments (Note 2)	7,109,663	8,088,225
Less: restricted portion of cash and temporary investments (Note 2)	<u>(1,202,893)</u>	<u>(2,411,759)</u>
	<u>5,906,770</u>	<u>5,676,466</u>

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022****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 transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES - continued

Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

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>2022</u>	<u>2021</u>
Cash	4,609,663	6,088,225
Temporary investments	<u>2,500,000</u>	<u>2,000,000</u>
	<u>7,109,663</u>	<u>8,088,225</u>

Temporary investments are short term deposits with maturities of three months or less. Included in the above balances are \$1,202,893 (2021 - \$2,411,759) of funds restricted in use.

TOWN OF WAINWRIGHT

NOTES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

3. TAXES AND GRANTS IN LIEU RECEIVABLES

	<u>2022</u>	<u>2021</u>
Current taxes and grants in lieu	122,446	141,418
Tax arrears and grants in lieu	<u>89,310</u>	<u>32,685</u>
	<u>211,756</u>	<u>174,103</u>

4. TRADE AND OTHER RECEIVABLES

	<u>2022</u>	<u>2021</u>
Trade receivables	457,109	316,623
Utility receivables	1,512,921	1,332,093
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>2,037,530</u>	<u>1,716,216</u>

5. INVENTORY FOR RESALE

	<u>2022</u>	<u>2021</u>
Promotional clothing	4,181	-
Land	<u>6,685,866</u>	<u>6,990,678</u>
	<u>6,690,047</u>	<u>6,990,678</u>

6. INVESTMENTS

	<u>2022 Cost</u>	<u>2022 Market Value</u>	<u>2021 Cost</u>	<u>2021 Market Value</u>
Short term deposits	-	-	4,500,000	4,500,000
Long term deposits	<u>14,000,000</u>	<u>14,000,000</u>	<u>9,000,000</u>	<u>9,000,000</u>
	<u>14,000,000</u>	<u>14,000,000</u>	<u>13,500,000</u>	<u>13,500,000</u>

Short term deposits had effective interest rates of 0.95% in 2021 and matured in less than one year.

Long term deposits have effective interest rates of 4.30% and 4.70% (2021 – 3.10%) and mature in greater than one year on July 7, 2027 and August 25, 2027.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

7. DEFERRED REVENUE

	<u>2022</u>	<u>2021</u>
Alberta Community Partnership	226,953	201,129
Arena Naming Rights	11,200	22,400
Canada Community Building Fund	195,194	417,926
Investing in Canada Infrastructure Program	-	400,000
Municipal Sustainability Initiative	1,592,337	909,138
Road Improvements	<u>93,678</u>	<u>-</u>
	<u>2,119,362</u>	<u>1,950,593</u>

Alberta Community Partnership

Alberta Community Partnership funding is currently being deferred on two different projects. Funding in the amount of \$150,000 was received in 2022 for the road network study. During the year, \$26,129 was spent on the regional stormwater assessment study, \$48,736 was spent on the parks and recreation study and \$49,311 was spent on the road network study.

Arena Naming Rights

Funding in the amount of \$50,000 was received in 2019 for naming rights of the blue arena located in the Peace Memorial Multiplex for a period of five years. During the year, \$10,000 was recognized as revenue. Funding in the amount of \$3,600 was received in 2021 for naming rights of the meeting room in the Peace Memorial Multiplex for a period of three years. During the year, \$1,200 was recognized as revenue.

Canada Community Building Fund

Funding in the amount of \$375,736 was received during the year. Interest in the amount of \$14,313 has been earned on the CCBF funds over the past year. During the year, \$612,781 was spent on projects.

Investing in Canada Infrastructure Program

Funding in the amount of \$300,000 was received during the year. During the year, \$700,000 was spent on projects.

Municipal Sustainability Initiative

Funding in the amount of \$681,539 was received or receivable during the year from the Municipal Sustainability Initiative (MSI). Interest in the amount of \$1,660 has been earned on the MSI funds over the past year. No funds were spent during the year.

Road Improvements

A deposit in the amount of \$100,000 was received from a local developer during the year to be utilized toward road and lighting infrastructure. During the year, \$6,322 of this deposit was expended.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

8. 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>2022</u>	<u>2021</u>
Accrued employee vacation	291,044	305,025
Accrued employee sick days	<u>74,413</u>	<u>72,037</u>
	<u>365,457</u>	<u>377,062</u>

9. LONG TERM DEBT

	<u>2022</u>	<u>2021</u>
Tax supported debenture	<u>2,750,000</u>	<u>3,250,000</u>

The current portion of the long term debt amounts to \$500,000 (2021 - \$500,000).

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	500,000	95,800	595,800
2024	500,000	77,563	577,563
2025	500,000	59,300	559,300
2026	500,000	41,050	541,050
2027	500,000	22,800	522,800
Thereafter	<u>250,000</u>	<u>4,562</u>	<u>254,562</u>
	<u>2,750,000</u>	<u>301,075</u>	<u>3,051,075</u>

Debenture debt is repayable to the Federation of Canadian Municipalities and bears interest at 3.65% per annum and matures on June 28, 2028.

Debenture debt is issued on the credit and security of the Town at large.

Interest on long term debt amounted to \$113,850 (2021 - \$132,104).

The Town's total cash payments for interest in 2022 were \$114,050 (2021 - \$132,300).

TOWN OF WAINWRIGHT

NOTES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets (Schedule 2)	131,556,443	126,721,564
Accumulated amortization (Schedule 2)	(47,027,460)	(44,497,329)
Long term debt (Note 9)	<u>(2,750,000)</u>	<u>(3,250,000)</u>
	<u>81,778,983</u>	<u>78,974,235</u>

11. ACCUMULATED SURPLUS

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

	<u>2022</u>	<u>2021</u>
Unrestricted surplus	4,947,614	4,400,161
Restricted surplus (Note 12)	23,723,972	23,862,868
Equity in tangible capital assets (Note 10)	<u>81,778,983</u>	<u>78,974,235</u>
	<u>110,450,569</u>	<u>107,237,264</u>

12. RESTRICTED SURPLUS

Restricted surplus activities changed as follows:

	<u>2022</u>			<u>2021</u>
	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Balance</u>
Administration	200,000	-	885,127	685,127
Arena	170,000	35,260	238,562	103,822
Cemetery	10,000	6,062	70,779	66,841
Common services	160,000	271,251	649,927	761,178
Communiplex	30,000	8,744	241,434	220,178
Fire equipment	40,000	51,995	480,226	492,221
Gas	100,000	528,307	1,971,584	2,399,891
General administration	-	-	151,526	151,526
Land development	238,760	246,475	7,118,023	7,125,738
Off-site costs	1,734	-	886,988	885,254
Parking	-	-	88,014	88,014
Parks	10,805	116,613	384,417	490,225
Parks equipment	25,000	14,752	90,947	80,699
Police	-	-	38,608	38,608
Public works special projects	350,000	210,009	2,347,531	2,207,540
Recreation facilities	-	-	715,886	715,886
Recreation special projects	-	-	22,000	22,000
Road maintenance	-	-	900,044	900,044
Safety initiative projects	50,000	31,018	588,764	569,782
Sewer expansion	400,000	765,659	2,853,176	3,218,835
Storm water	200,000	114,050	974,871	888,921
Waterline	275,000	-	2,025,538	1,750,538
	<u>2,261,299</u>	<u>2,400,195</u>	<u>23,723,972</u>	<u>23,862,868</u>

TOWN OF WAINWRIGHT

NOTES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

13. 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>2022</u>	<u>2021</u>
Total debt limit	34,498,952	31,680,735
Total debt	<u>2,750,000</u>	<u>3,250,000</u>
Amount of debt limit unused	<u>31,748,952</u>	<u>28,430,735</u>
Debt servicing limit	5,749,825	5,280,123
Debt servicing	<u>595,800</u>	<u>614,050</u>
Amount of debt servicing limit unused	<u>5,154,025</u>	<u>4,666,073</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.

14. 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 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 8.45% (2021 – 9.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% (2021 – 13.84%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% (2021 – 8.39%) of pensionable salary up to the year's maximum pensionable salary and 11.80% (2021 – 12.84%) on pensionable salary above this amount.

Total current service contributions by the Town of Wainwright to the LAPP in 2022 were \$305,515 (2021 - \$337,865). Total current service contributions by the employees of the Town of Wainwright to the LAPP in 2022 were \$272,297 (2021 - \$305,141).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.922 billion.

TOWN OF WAINWRIGHT

NOTES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

15. 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:

	2022			2021
	Salary ¹	Benefits and Allowances ²	Total	Total
Mayor				
Brian Bethune	-	-	-	26,821
Bruce Pugh	34,459	1,855	36,314	6,920
Councillors				
William Challenger	22,089	1,129	23,218	19,315
Bob Foley	21,670	47	21,717	19,246
Richard Fountain	21,159	1,076	22,235	4,352
Ariel Haubrich	18,939	949	19,888	18,936
Heather MacDonald	-	-	-	15,242
Patrick Moroz	19,860	1,001	20,861	18,756
Bruce Pugh	-	-	-	14,852
Vince Saretsky	18,939	949	19,888	3,424
Chief Adm. Officer				
Ed Chow	-	-	-	120,887
Karrie Gau	161,974	31,650	193,624	94,802

¹Salary includes regular pay, gross honoraria and any other direct cash remuneration.

²Employer'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, and long term disability plans.

16. 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 of the settlement.

17. 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).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

18. 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.

19. COMMITMENT

The Town has guaranteed a loan with Encompass Credit Union Ltd. in the amount of \$627,500 on behalf of the Wainwright Golf and Country Club.

20. BANK INDEBTEDNESS

The Town of Wainwright has arranged \$5,000,000 in bank credit facilities bearing interest at prime rate less 0.25%. The credit facilities are secured by the taxes levied by the Municipality. There was no balance on the credit facilities at December 31, 2022.

21. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

22. 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, 2022

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022 \$	2021 \$
BALANCE, BEGINNING OF YEAR	4,400,161	23,862,868	78,974,235	107,237,264	101,946,673
Excess of revenues over expenses	3,213,305	-	-	3,213,305	5,290,591
Unrestricted funds designated for future use	(2,261,299)	2,261,299	-	-	-
Restricted funds used for operations	126,589	(126,589)	-	-	-
Restricted funds used for tangible capital assets	-	(2,273,606)	2,273,606	-	-
Current year funds used for tangible capital assets	(2,655,821)	-	2,655,821	-	-
Contributed tangible capital assets	-	-	-	-	-
Disposal of tangible capital assets	7,838	-	(7,838)	-	-
Annual amortization expenses	2,616,841	-	(2,616,841)	-	-
Long term debt repaid	(500,000)	-	500,000	-	-
Change in accumulated surplus	547,453	(138,896)	2,804,748	3,213,305	5,290,591
BALANCE, END OF YEAR	4,947,614	23,723,972	81,778,983	110,450,569	107,237,264

TOWN OF WAINWRIGHT
SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2022

	Land	Buildings	Engineered Structures	Gas Distribution	Machinery and Equipment	Vehicles	2022 \$	2021 \$
COST								
BALANCE, BEGINNING OF YEAR	4,957,165	20,152,846	92,004,253	2,893,638	4,029,405	2,684,257	126,721,564	122,343,164
Acquisition of tangible capital assets	-	53,861	1,049,290	-	380,302	-	1,483,453	3,053,037
Construction-in-progress	-	-	2,917,667	528,307	-	-	3,445,974	1,597,829
Disposal of tangible capital assets	-	-	(40,907)	(20,254)	(33,387)	-	(94,548)	(272,466)
Write down of tangible capital assets	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	4,957,165	20,206,707	95,930,303	3,401,691	4,376,320	2,684,257	131,556,443	126,721,564
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	9,524,995	29,870,956	1,026,501	2,656,898	1,417,979	44,497,329	42,163,735
Annual amortization	-	411,736	1,737,830	86,362	247,627	133,286	2,616,841	2,530,808
Accumulated amortization on disposals	-	-	(36,816)	(17,767)	(32,127)	-	(86,710)	(197,214)
BALANCE, END OF YEAR	-	9,936,731	31,571,970	1,095,096	2,872,398	1,551,265	47,027,460	44,497,329
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,957,165	10,269,976	64,358,333	2,306,595	1,503,922	1,132,992	84,528,983	82,224,235
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,957,165	10,627,851	62,133,297	1,867,137	1,372,507	1,266,278	82,224,235	

TOWN OF WAINWRIGHT

SCHEDULE 3

SCHEDULE OF PROPERTY TAXES
YEAR ENDED DECEMBER 31, 2022

	Budget (Unaudited)	2022	2021
TAXATION			
Property taxes			
- residential	5,810,671	5,807,528	5,690,348
- commercial	2,006,546	2,002,057	1,971,428
- industrial	1,095,413	1,104,491	964,787
- farmland	(936)	(936)	1,707
- electric power	133,304	133,304	125,154
- pipeline	49,779	49,779	49,009
- cable television	13,416	13,416	12,450
- machinery and equipment	83,918	83,918	81,424
Government grants in place of property taxes			
- federal	8,879	8,879	8,771
- provincial	32,755	32,755	32,236
	<u>9,233,745</u>	<u>9,235,191</u>	<u>8,937,314</u>
REQUISITIONS			
School Foundation Fund	2,098,633	2,096,927	2,038,926
Wainwright East Central Catholic	417,020	418,726	409,003
Battle River Foundation	126,786	126,786	127,975
East Central 911	31,350	31,350	33,858
Provincial Designated Industrial Properties	1,409	1,427	1,349
	<u>2,675,198</u>	<u>2,675,216</u>	<u>2,611,111</u>
NET MUNICIPAL TAXES	<u>6,558,547</u>	<u>6,559,975</u>	<u>6,326,203</u>

TOWN OF WAINWRIGHT

SCHEDULE 4

**SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2022**

	Budget (Unaudited)	2022	2021
TRANSFERS FOR OPERATING:			
Federal government	1,037,652	890,281	864,407
Local government	388,220	407,604	370,882
Provincial government	<u>1,111,045</u>	<u>834,093</u>	<u>919,872</u>
	<u>2,536,917</u>	<u>2,131,978</u>	<u>2,155,161</u>
TRANSFERS FOR CAPITAL:			
Federal government	1,040,000	1,040,000	167,509
Local government	242,226	-	115,859
Provincial government	<u>866,580</u>	<u>866,580</u>	<u>2,845,862</u>
	<u>2,148,806</u>	<u>1,906,580</u>	<u>3,129,230</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>4,685,723</u></u>	<u><u>4,038,558</u></u>	<u><u>5,284,391</u></u>

TOWN OF WAINWRIGHT

SCHEDULE 5

**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
YEAR ENDED DECEMBER 31, 2022**

	Budget (Unaudited)	2022	2021
CONSOLIDATED EXPENSES BY OBJECT			
Amortization of tangible capital assets	-	2,616,841	2,530,808
Bank charges and short-term interest	4,400	4,388	3,141
Contracted and general services	3,833,814	2,705,681	2,577,634
Interest on long term debt	114,050	113,850	132,104
Materials, goods and utilities	5,018,006	6,408,380	4,748,784
Provision for allowances	15,500	13,316	12,922
Purchases from other governments	4,091,366	3,891,605	3,385,335
Salaries, wages and benefits	5,572,880	5,255,300	4,916,727
Transfers to local boards and agencies	673,503	683,215	640,796
Loss on disposal of tangible capital assets	-	-	10,878
	<u>19,323,519</u>	<u>21,692,576</u>	<u>18,959,129</u>

TOWN OF WAINWRIGHT
SCHEDULE OF SEGMENTED DISCLOSURE
YEAR ENDED DECEMBER 31, 2022

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Gas Distribution	Other	Total \$
REVENUE									
Net municipal taxes	6,559,975	-	-	-	-	-	-	-	6,559,975
Government transfers	-	481,991	753,776	68,561	496,202	1,932,709	-	305,319	4,038,568
User fees and sales of goods	65,988	283,635	630,314	534,947	757,588	5,183,426	5,606,996	39,394	13,102,288
Investment income	803,500	-	-	-	-	-	-	-	803,500
Penalties and costs of taxes	71,002	-	-	-	-	6,572	26,278	-	103,852
Other revenues	83,863	142,112	(4,091)	61,625	16,461	-	(2,487)	225	297,708
	<u>7,584,328</u>	<u>907,738</u>	<u>1,379,999</u>	<u>665,133</u>	<u>1,270,251</u>	<u>7,122,707</u>	<u>5,630,787</u>	<u>344,938</u>	<u>24,905,851</u>
EXPENSES									
Contract & general services	501,234	232,254	350,532	499,638	478,537	477,711	162,719	3,056	2,705,681
Salaries & wages	744,509	491,931	794,758	320,426	1,716,436	519,750	598,578	68,912	5,255,300
Goods & supplies	46,602	152,646	824,001	19,166	928,881	338,215	4,096,300	2,569	6,408,380
Purchases from other governments	-	1,256,043	-	865	-	2,634,697	-	-	3,891,605
Transfers to local boards	69,712	-	-	-	263,755	-	-	349,748	683,215
Long-term debt interest	-	-	-	-	-	113,850	-	-	113,850
Other expenses	13,845	-	-	-	-	-	191	-	17,704
	<u>1,375,902</u>	<u>2,132,874</u>	<u>1,969,291</u>	<u>840,095</u>	<u>3,391,277</u>	<u>4,084,223</u>	<u>4,857,788</u>	<u>424,285</u>	<u>19,075,735</u>
NET REVENUE, BEFORE AMORTIZATION	<u>6,208,426</u>	<u>(1,225,136)</u>	<u>(589,292)</u>	<u>(174,962)</u>	<u>(2,121,026)</u>	<u>3,038,484</u>	<u>772,999</u>	<u>(79,347)</u>	<u>5,830,146</u>
Amortization expense	(45,670)	(96,574)	(1,012,662)	(365)	(490,230)	(880,748)	(86,361)	(4,231)	(2,616,841)
NET REVENUE	<u>6,162,756</u>	<u>(1,321,710)</u>	<u>(1,601,954)</u>	<u>(175,327)</u>	<u>(2,611,256)</u>	<u>2,157,736</u>	<u>686,638</u>	<u>(83,578)</u>	<u>3,213,305</u>