

TOWN OF WAINWRIGHT
Financial Statements
Year Ended December 31, 2023

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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 this Financial Report. Management believes that the consolidated financial statements present fairly the Town's financial position as at December 31, 2023 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 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, Chartered Professional Accountants, 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 5, 2024

Assistant Director of Finance
March 5, 2024

Town of Wainwright

1018 – 2 Avenue

Wainwright, AB T9W 1R1

780-842-3381

wainwright.ca

INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of the Town of Wainwright:

Opinion

We have audited the consolidated financial statements of the Town of Wainwright (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2023;
- the consolidated statement of operations and accumulated surplus for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- supporting schedules for the year then ended; and
- notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Town of Wainwright as at December 31, 2023, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated 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 Financial Statements section of our auditors' 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 liquidate the Entity or 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 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.
- 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.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity 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.

Wainwright, Alberta
March 5, 2024

Isamand Chapel LLP

Chartered Professional Accountants




TOWN OF WAINWRIGHT


STATEMENT 1

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023**

	2023	2022
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	8,309,763	7,109,663
Taxes and grants in lieu receivables (Note 3)	243,639	211,756
Receivables from other governments	2,719,247	3,344,278
Trade and other receivables (Note 4)	1,448,132	2,037,530
Inventory held for resale (Note 5)	6,666,256	6,690,047
Investment in Gas Alberta Inc.	746	746
Investments (Note 6)	<u>13,500,000</u>	<u>14,000,000</u>
	<u>32,887,783</u>	<u>33,394,020</u>
LIABILITIES		
Accounts payable and accrued liabilities	467,864	1,115,079
Accrued wages and benefits	70,461	71,778
Deferred revenue (Note 8)	2,740,650	2,119,362
Deposit liability	14,544	16,843
Employee benefit obligations (Note 9)	376,040	365,457
Payable to other governments	727,049	790,197
Other current liabilities	509,075	481,489
Asset retirement obligation (Note 10)	790,500	-
Long term debt (Note 11)	2,250,000	2,750,000
Tax trust funds	<u>17,655</u>	<u>16,763</u>
	<u>7,963,838</u>	<u>7,726,968</u>
NET FINANCIAL ASSETS	<u>24,923,945</u>	<u>25,667,052</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	87,701,552	84,528,983
Prepaid expenses	<u>80,587</u>	<u>254,534</u>
	<u>87,782,139</u>	<u>84,783,517</u>
ACCUMULATED SURPLUS (Schedule 1, Note 14)	<u>112,706,084</u>	<u>110,450,569</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, 2023**

	Budget (Unaudited)	2023	2022
REVENUE			
Net taxes available for municipal purposes (Schedule 3)	6,899,722	6,899,311	6,559,975
Gain on sale of tangible capital assets	-	67,908	1,400
Government transfers for operating (Schedule 4)	2,075,382	1,898,424	2,131,978
Investment income	500,000	1,326,744	803,500
Licenses and permits	188,000	185,334	235,892
Other	37,208	421,747	60,416
Penalties and costs of taxes	68,650	116,171	103,852
User fees and sales of goods	12,555,290	11,054,304	13,102,288
TOTAL REVENUE	<u>22,324,252</u>	<u>21,969,943</u>	<u>22,999,301</u>
EXPENSES			
Council	303,672	258,855	257,499
General Administration	1,318,312	1,246,304	1,164,073
Police	1,809,083	1,472,567	1,582,345
Fire and Disaster Services	535,498	565,470	501,975
Bylaw Enforcement	107,668	84,015	87,716
Common Services	697,084	858,042	795,606
Roads and Streets	1,380,455	2,084,509	2,104,934
Airport	74,725	82,013	81,413
Safety	124,520	116,070	57,412
Storm Sewers	235,623	503,113	589,570
Water Supply	2,721,489	3,296,446	3,339,796
Sanitary Sewage Service	475,822	657,734	591,592
Garbage Collection	495,135	496,568	444,013
Family and Community Services	362,196	360,053	350,001
Cemeteries	93,919	99,473	78,515
Municipal Planning	732,371	570,125	535,647
Subdivision Land	150,000	26,631	304,813
Parks and Recreation Board	105,818	93,953	86,945
Parks and Recreations Facilities	3,255,261	3,602,185	3,527,081
Culture	289,551	286,374	267,481
Gas Distribution	4,684,872	3,246,931	4,944,149
TOTAL EXPENSES	<u>19,953,074</u>	<u>20,007,431</u>	<u>21,692,576</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER	<u>2,371,178</u>	<u>1,962,512</u>	<u>1,306,725</u>
CAPITAL REVENUE			
Government transfers for capital (Schedule 4)	256,601	293,003	1,906,580
TOTAL CAPITAL REVENUE	<u>256,601</u>	<u>293,003</u>	<u>1,906,580</u>
EXCESS OF REVENUE OVER EXPENSES	2,627,779	2,255,515	3,213,305
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>110,450,569</u>	<u>110,450,569</u>	<u>107,237,264</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>113,078,348</u>	<u>112,706,084</u>	<u>110,450,569</u>

TOWN OF WAINWRIGHT

STATEMENT 3

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2023**

	Budget (Unaudited)	2023	2022
EXCESS OF REVENUE OVER EXPENSES	<u>2,627,779</u>	<u>2,255,515</u>	<u>3,213,305</u>
Acquisition of tangible capital assets	(5,792,895)	(6,061,200)	(4,929,427)
Contributed tangible capital assets	-	-	-
Proceeds on disposal of tangible capital assets	-	184,392	9,238
Amortization of tangible capital assets	-	2,772,147	2,616,841
Gain on sale of tangible capital assets	-	(67,908)	(1,400)
	<u>(5,792,895)</u>	<u>(3,172,569)</u>	<u>(2,304,748)</u>
Acquisition of prepaid assets	-	(80,587)	(200,589)
Use of prepaid assets	-	254,534	35,891
	<u>-</u>	<u>173,947</u>	<u>(164,698)</u>
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(3,165,116)	(743,107)	743,859
NET FINANCIAL ASSETS , BEGINNING OF YEAR	<u>25,667,052</u>	<u>25,667,052</u>	<u>24,923,193</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>22,501,936</u>	<u>24,923,945</u>	<u>25,667,052</u>

TOWN OF WAINWRIGHT

STATEMENT 4

**CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

	2023	2022
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses (Statement 2)	2,255,515	3,213,305
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	2,772,147	2,616,841
Gain on disposal of tangible capital assets	(67,908)	(1,400)
Non-cash charges to operations (net change):		
Increase in taxes and grants in lieu receivables	(31,883)	(37,653)
Decrease (increase) in receivables from other governments	625,031	(1,005,143)
Decrease (increase) in trade and other receivables	589,398	(321,314)
Decrease (increase) in prepaid expenses	173,947	(164,698)
Decrease in inventory held for resale	23,791	300,631
(Decrease) increase in accounts payable and accrued liabilities	(647,215)	54,170
(Decrease) increase in accrued wages and benefits	(1,317)	14,189
Increase in deferred revenue	621,288	168,769
Decrease in deposit liability	(2,299)	(2,000)
Increase (decrease) in employee benefit obligations	10,583	(11,605)
(Decrease) increase in payable to other governments	(63,148)	61,606
Increase in other current liabilities	27,586	55,535
Increase in asset retirement obligation	790,500	-
Increase in tax trust funds	892	394
Cash provided by operating transactions	7,076,908	4,941,627
CAPITAL		
Acquisition of tangible capital assets	(6,061,200)	(4,929,427)
Sale of tangible capital assets	184,392	9,238
Cash applied to capital transactions	(5,876,808)	(4,920,189)
INVESTING		
(Increase) decrease in restricted cash or cash equivalents	(195,970)	1,208,866
Decrease (increase) in investments	500,000	(500,000)
Cash provided by investing transactions	304,030	708,866
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	1,004,130	230,304
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,906,770	5,676,466
CASH AND CASH EQUIVALENTS, END OF YEAR	6,910,900	5,906,770

TOWN OF WAINWRIGHT

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS, CONTINUED
YEAR ENDED DECEMBER 31, 2023

	2023	2022
Cash and cash equivalents is made up of :		
Cash and temporary investments (Note 2)	8,309,763	7,109,663
Less: restricted portion of cash and temporary investments (Note 2)	<u>(1,398,863)</u>	<u>(1,202,893)</u>
	<u>6,910,900</u>	<u>5,906,770</u>

TOWN OF WAINWRIGHT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Wainwright are the representations of management and are prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board and as published by the Chartered Professional Accountants of Canada. 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 recognizes 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/goods provided or the tangible capital assets are acquired.

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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.

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.

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.

Asset Retirement

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

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

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

TOWN OF WAINWRIGHT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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 annual surplus, 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 estimated 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 are recorded as revenue.

Cultural and Historical Tangible Capital Assets

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

TOWN OF WAINWRIGHT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTES

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.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2023</u>	<u>2022</u>
Cash	5,309,763	4,609,663
Temporary investments	<u>3,000,000</u>	<u>2,500,000</u>
	<u>8,309,763</u>	<u>7,109,663</u>

Temporary investments are short term deposits with maturities of three months or less. Included in the above balances are \$1,398,863 (2022 - \$1,202,893) of funds restricted in use.

3. TAXES AND GRANTS IN LIEU RECEIVABLES

	<u>2023</u>	<u>2022</u>
Current taxes and grants in lieu	174,015	122,446
Tax arrears and grants in lieu	<u>69,624</u>	<u>89,310</u>
	<u>243,639</u>	<u>211,756</u>

TOWN OF WAINWRIGHT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTES

4. TRADE AND OTHER RECEIVABLES

	<u>2023</u>	<u>2022</u>
Trade receivables	609,225	457,109
Utility receivables	771,407	1,512,921
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>1,448,132</u>	<u>2,037,530</u>

5. INVENTORY FOR RESALE

	<u>2023</u>	<u>2022</u>
Promotional clothing	7,020	4,181
Land	<u>6,659,236</u>	<u>6,685,866</u>
	<u>6,666,256</u>	<u>6,690,047</u>

6. INVESTMENTS

	<u>2023</u> <u>Cost</u>	<u>2023</u> <u>Market Value</u>	<u>2022</u> <u>Cost</u>	<u>2022</u> <u>Market Value</u>
Short term investments	7,000,000	7,000,000	-	-
Long term investments	<u>6,500,000</u>	<u>6,500,000</u>	<u>14,000,000</u>	<u>14,000,000</u>
	<u>13,500,000</u>	<u>13,500,000</u>	<u>14,000,000</u>	<u>14,000,000</u>

Short term investments have effective interest rates of prime less 1.50% and mature in less than one year. At December 31, 2023 prime rate is 7.20%.

Long term investments have effective interest rates of 4.30% (2022 – 4.30% to 4.70%) and mature in greater than one year on July 7, 2027.

7. BANK INDEBTEDNESS

The Town of Wainwright has arranged \$5,000,000 in bank credit facilities bearing interest at prime rate less 0.25%, with the rate not to exceed 10%. The credit facilities are secured by the taxes levied by the Municipality. There was no balance on the credit facilities at December 31, 2023.

TOWN OF WAINWRIGHT

NOTES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

8. DEFERRED REVENUE

	<u>2023</u>	<u>2022</u>
Alberta Community Partnership	111,821	226,953
Alberta Municipal Water/Wastewater Partnership	116,897	-
Arena Naming Rights	-	11,200
Canada Community Building Fund	221,942	195,194
Fire Services Training Program	2,406	-
Municipal Sustainability Initiative	2,277,623	1,592,337
Northern & Regional Economic Development	9,961	-
Road Improvements	<u>-</u>	<u>93,678</u>
	<u>2,740,650</u>	<u>2,119,362</u>

Alberta Community Partnership

Alberta Community Partnership funding is currently being deferred on two different projects. Funding in the amount of \$50,000 was received or receivable in 2023 for the road network study. During the year, \$116,666 was spent on the parks and recreation study and \$48,466 was spent on the road network study.

Alberta Municipal Water/Wastewater Partnership

Funding in the amount of \$150,000 was received during the year and \$33,103 was spent on projects.

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 \$392,512 was received during the year. Interest in the amount of \$12,250 has been earned on the CCBF funds over the past year. During the year, \$378,014 was spent on projects.

Fire Services Training Program

Funding in the amount of \$8,261 was received during the year. During the year, \$5,855 was spent on projects. This grant covers eligible fire training courses which must be delivered by May 31, 2024.

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 \$3,747 has been earned on the MSI funds over the past year. No funds were spent during the year.

TOWN OF WAINWRIGHT

NOTES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

8. DEFERRED REVENUE - continued

Northern & Regional Economic Development

Funding in the amount of \$24,000 was received during the year. This grant primarily focuses on business supports to business within the Municipal District of Wainwright. The grant covers 50% of total project costs and has a project completion date of February 15, 2025. During the year, \$14,039 was spent on projects.

Road Improvements

A deposit in the amount of \$100,000 was received in 2022 from a local developer during the year to be utilized toward road and lighting infrastructure. During the year, the remaining \$93,678 of this deposit was expended.

9. 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>2023</u>	<u>2022</u>
Accrued employee vacation	287,898	291,044
Accrued employee sick days	<u>88,142</u>	<u>74,413</u>
	<u>376,040</u>	<u>365,457</u>

10. ASSET RETIREMENT OBLIGATION

The Town of Wainwright lagoon, to which this asset retirement obligation relates was expanded and the existing infrastructure renewed and completed in 2023. The Town of Wainwright incurred 100% of the asset retirement obligation on acquisition and the remaining useful life of the lagoon is 45 years. The Town of Wainwright uses straight line amortization, with a half year taken in the year of acquisition. As at December 31, 2023, undiscounted expected cash flows that will be required to satisfy the asset retirement obligation is \$775,000. The discount rate used is the Bank of Canada's target inflation rate of 2%, to be remeasured annually.

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	-	-
Liabilities incurred	775,000	-
Accretion expense	<u>15,500</u>	-
Estimated total liability	<u>790,500</u>	-

TOWN OF WAINWRIGHT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTES

11. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
Tax supported debenture	<u>2,250,000</u>	<u>2,750,000</u>

The current portion of the long-term debt amounts to \$500,000 (2022 - \$500,000).

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2028	<u>250,000</u>	<u>4,562</u>	<u>254,562</u>
	<u>2,250,000</u>	<u>205,275</u>	<u>2,455,275</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 \$95,600 (2022 - \$113,850).

The Town's total cash payments for interest in 2023 were \$95,800 (2022 - \$114,050).

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 are to be disclosed as follows:

	<u>2023</u>	<u>2022</u>
Total debt limit	32,954,915	34,498,952
Total debt	<u>2,250,000</u>	<u>2,750,000</u>
Amount of debt limit unused	<u>30,704,915</u>	<u>31,748,952</u>
Debt servicing limit	5,492,486	5,749,825
Debt servicing	<u>577,563</u>	<u>595,800</u>
Amount of debt servicing limit unused	<u>4,914,923</u>	<u>5,154,025</u>

TOWN OF WAINWRIGHT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTES

12. DEBT LIMITS – continued

The debt limit is calculated at 1.5 times revenue of the municipality excluding transfers from the governments of Alberta and Canada for the purposes of capital property (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

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

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Tangible capital assets (Schedule 2)	137,309,380	131,556,443
Accumulated amortization (Schedule 2)	(49,607,828)	(47,027,460)
Asset retirement obligation (Note 10)	(790,500)	-
Long term debt (Note 11)	<u>(2,250,000)</u>	<u>(2,750,000)</u>
	<u>84,661,052</u>	<u>81,778,983</u>

14. ACCUMULATED SURPLUS

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

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	5,205,778	4,947,614
Restricted surplus (Note 15)	22,839,254	23,723,972
Equity in tangible capital assets (Note 13)	<u>84,661,052</u>	<u>81,778,983</u>
	<u>112,706,084</u>	<u>110,450,569</u>

TOWN OF WAINWRIGHT

NOTES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

15. RESTRICTED SURPLUS

Restricted surplus activities changed as follows:

	2023			2022
	Increases	Decreases	Balance	Balance
Administration	-	-	885,127	885,127
Arena	150,000	6,250	382,312	238,562
Cemetery	5,000	14,520	61,259	70,779
Common services	260,000	122,135	787,792	649,927
Communiplex	30,000	18,519	252,915	241,434
Fire equipment	90,000	259,900	310,326	480,226
Gas	-	258,656	1,712,928	1,971,584
General administration	-	-	151,526	151,526
Land development	182,979	391,324	6,909,678	7,118,023
Off-site costs	7,491	-	894,479	886,988
Parking	-	54,896	33,118	88,014
Parks	9,806	75,006	319,217	384,417
Parks equipment	125,000	60,459	155,488	90,947
Police	-	-	38,608	38,608
Public works special projects	50,000	288,534	2,108,997	2,347,531
Recreation facilities	-	-	715,886	715,886
Recreation special projects	-	-	22,000	22,000
Road maintenance	100,000	711,777	288,267	900,044
Safety initiative projects	38,000	14,366	612,398	588,764
Sewer expansion	1,500,000	460,846	3,892,330	2,853,176
Storm water	100,000	764,027	310,844	974,871
Waterline	325,000	356,779	1,993,759	2,025,538
	<u>2,973,276</u>	<u>3,857,994</u>	<u>22,839,254</u>	<u>23,723,972</u>

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).

TOWN OF WAINWRIGHT

NOTES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

17. 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:

	2023			2022
	Salary ¹	Benefits and Allowances ²	Total	Total
Mayor				
Bruce Pugh	34,768	1,956	36,724	36,314
Councillors				
William Challenger	21,924	1,192	23,116	23,218
Bob Foley	22,964	54	23,018	21,717
Richard Fountain	19,963	1,076	21,039	22,235
Ariel Haubrich	20,224	1,091	21,315	19,888
Patrick Moroz	19,304	1,036	20,340	20,861
Vince Saretsky	19,373	1,041	20,414	19,888
Chief Adm. Officer				
Karrie Gau	164,404	32,594	196,998	193,624

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.

18. 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% (2022 – 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.23% (2022 – 12.80%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% (2022 – 7.45%) of pensionable salary up to the year's maximum pensionable salary and 11.23% (2022 – 11.80%) on pensionable salary above this amount.

Total current service contributions by the Town of Wainwright to the LAPP in 2023 were \$314,610 (2022 - \$305,515). Total current service contributions by the employees of the Town of Wainwright to the LAPP in 2023 were \$279,915 (2022 - \$272,297).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.671 billion.

TOWN OF WAINWRIGHT

NOTES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023

19. COMMITMENTS

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

20. 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.

21. 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.

22. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

23. 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, 2023**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023 \$	2022 \$
BALANCE, BEGINNING OF YEAR	4,947,614	23,723,972	81,778,983	110,450,569	107,237,264
Excess of revenue over expenses	2,255,515	-	-	2,255,515	3,213,305
Unrestricted funds designated for future use	(2,973,276)	2,973,276	-	-	-
Restricted funds used for operations	133,485	(133,485)	-	-	-
Restricted funds used for tangible capital assets	-	(3,724,509)	3,724,509	-	-
Current year funds used for tangible capital assets	(1,561,691)	-	1,561,691	-	-
Contributed tangible capital assets	-	-	-	-	-
Disposal of tangible capital assets	116,484	-	(116,484)	-	-
Annual amortization expenses	2,772,147	-	(2,772,147)	-	-
Asset retirement obligation accretion expense	15,500	-	(15,500)	-	-
Long term debt repaid	(500,000)	-	500,000	-	-
Change in accumulated surplus	258,164	(884,718)	2,882,069	2,255,515	3,213,305
BALANCE, END OF YEAR	5,205,778	22,839,254	84,661,052	112,706,084	110,450,569

TOWN OF WAINWRIGHT
SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2023

SCHEDULE 2

	Land	Buildings	Engineered Structures	Gas Distribution	Machinery and Equipment	Vehicles	2023 \$	2022 \$
COST								
BALANCE, BEGINNING 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
Acquisition of tangible capital assets	-	44,014	4,423,452	252,406	280,545	706,510	5,706,927	1,483,453
Construction-in-progress	-	-	354,273	-	-	-	354,273	3,445,974
Disposal of tangible capital assets	-	-	-	(29,800)	(106,814)	(171,649)	(308,263)	(94,548)
Write down of tangible capital assets	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	4,957,165	20,250,721	100,708,028	3,624,297	4,550,051	3,219,118	137,309,380	131,556,443
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	9,936,731	31,571,970	1,095,096	2,872,398	1,551,265	47,027,460	44,497,329
Annual amortization	-	409,818	1,880,851	99,516	246,550	135,412	2,772,147	2,616,841
Accumulated amortization on disposals	-	-	-	(25,330)	(59,526)	(106,923)	(191,779)	(86,710)
BALANCE, END OF YEAR	-	10,346,549	33,452,821	1,169,282	3,059,422	1,579,754	49,607,828	47,027,460
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>4,957,165</u>	<u>9,904,172</u>	<u>67,255,207</u>	<u>2,455,015</u>	<u>1,490,629</u>	<u>1,639,364</u>	<u>87,701,552</u>	<u>84,528,983</u>
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>4,957,165</u>	<u>10,269,976</u>	<u>64,358,333</u>	<u>2,306,595</u>	<u>1,503,922</u>	<u>1,132,992</u>	<u>84,528,983</u>	

TOWN OF WAINWRIGHT

SCHEDULE 3

**SCHEDULE OF PROPERTY TAXES
YEAR ENDED DECEMBER 31, 2023**

	Budget (Unaudited)	2023	2022
TAXATION			
Property taxes			
- residential	6,026,207	6,025,795	5,807,528
- commercial	2,181,324	2,181,324	2,002,057
- industrial	1,049,916	1,049,916	1,104,491
- farmland	991	991	(936)
- electric power	135,266	135,266	133,304
- pipeline	45,217	45,217	49,779
- cable television	14,333	14,334	13,416
- machinery and equipment	93,080	93,080	83,918
Government grants in place of property taxes			
- federal	8,992	8,992	8,879
- provincial	33,577	33,577	32,755
	9,588,903	9,588,492	9,235,191
 REQUISITIONS			
School Foundation Fund	2,083,903	2,099,753	2,096,927
Wainwright East Central Catholic	420,060	404,210	418,726
Battle River Foundation	152,418	152,418	126,786
East Central 911	31,420	31,420	31,350
Provincial Designated Industrial Properties	1,380	1,380	1,427
	2,689,181	2,689,181	2,675,216
 NET MUNICIPAL TAXES	6,899,722	6,899,311	6,559,975

TOWN OF WAINWRIGHT

SCHEDULE 4

**SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2023**

	Budget (Unaudited)	2023	2022
TRANSFERS FOR OPERATING:			
Federal government	565,170	498,184	890,281
Local government	431,623	402,558	407,604
Provincial government	<u>1,078,589</u>	<u>997,682</u>	<u>834,093</u>
	<u>2,075,382</u>	<u>1,898,424</u>	<u>2,131,978</u>
TRANSFERS FOR CAPITAL:			
Federal government	-	-	1,040,000
Local government	256,601	259,900	-
Provincial government	-	<u>33,103</u>	<u>866,580</u>
	<u>256,601</u>	<u>293,003</u>	<u>1,906,580</u>
TOTAL GOVERNMENT TRANSFERS	<u>2,331,983</u>	<u>2,191,427</u>	<u>4,038,558</u>

TOWN OF WAINWRIGHT

SCHEDULE 5

**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
YEAR ENDED DECEMBER 31, 2023**

	Budget (Unaudited)	2023	2022
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	5,804,367	5,477,712	5,255,300
Contracted and general services	3,383,419	2,679,690	2,705,681
Materials, goods and utilities	6,194,361	4,620,420	6,408,380
Provision for allowances	16,000	14,023	13,316
Transfers to local boards and agencies	687,450	676,136	683,215
Bank charges and short-term interest	5,605	4,662	4,388
Interest on long term debt	95,800	95,600	113,850
Purchases from other governments	3,766,072	3,651,541	3,891,605
Amortization of tangible capital assets	-	2,772,147	2,616,841
Accretion of asset retirement obligation	-	15,500	-
	<u>19,953,074</u>	<u>20,007,431</u>	<u>21,692,576</u>

TOWN OF WAINWRIGHT
SCHEDULE OF SEGMENTED DISCLOSURE
YEAR ENDED DECEMBER 31, 2023

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Gas Distribution	Other	Total \$
REVENUE									
Net municipal taxes	6,899,311	-	-	-	-	-	-	-	6,899,311
Operating government transfers	-	480,458	499,377	81,754	483,211	38,000	-	315,624	1,898,424
User fees and sales of goods	62,294	314,571	684,187	222,070	819,516	4,984,058	3,923,408	44,200	11,054,304
Investment income	1,326,744	-	-	-	-	-	-	-	1,326,744
Penalties and costs of taxes	79,604	-	-	-	-	7,415	29,152	-	116,171
Other revenue	98,585	101,511	25,320	382,105	48,827	-	18,541	100	674,989
	<u>8,466,538</u>	<u>896,540</u>	<u>1,208,884</u>	<u>685,929</u>	<u>1,351,554</u>	<u>5,029,473</u>	<u>3,971,101</u>	<u>359,924</u>	<u>21,969,943</u>
EXPENSES									
Contract & general services	521,734	239,004	286,366	255,549	670,879	527,342	156,154	22,662	2,679,690
Salaries, wages & benefits	823,016	582,145	813,544	326,407	1,752,268	497,556	613,723	69,053	5,477,712
Materials, goods & utilities	50,440	153,263	836,664	14,220	804,739	380,880	2,377,513	2,701	4,620,420
Purchases from other governments	-	1,162,085	-	580	-	2,488,876	-	-	3,651,541
Transfers to local boards	49,829	-	-	-	266,254	-	-	360,053	676,136
Long-term debt interest	-	-	-	-	-	95,600	-	-	95,600
Other expenses	14,470	-	-	-	4,190	15,500	25	-	34,185
	<u>1,459,489</u>	<u>2,136,497</u>	<u>1,936,574</u>	<u>596,756</u>	<u>3,498,330</u>	<u>4,005,754</u>	<u>3,147,415</u>	<u>454,469</u>	<u>17,235,284</u>
NET REVENUE, BEFORE AMORTIZATION	<u>7,007,049</u>	<u>(1,239,957)</u>	<u>(727,690)</u>	<u>89,173</u>	<u>(2,146,776)</u>	<u>1,023,719</u>	<u>823,686</u>	<u>(94,545)</u>	<u>4,734,659</u>
Capital government transfers	-	259,900	-	-	-	33,103	-	-	293,003
Amortization expense	(45,670)	(101,625)	(1,087,990)	-	(484,182)	(948,107)	(99,516)	(5,057)	(2,772,147)
NET REVENUE	<u>6,961,379</u>	<u>(1,081,682)</u>	<u>(1,815,680)</u>	<u>89,173</u>	<u>(2,630,958)</u>	<u>108,715</u>	<u>724,170</u>	<u>(99,602)</u>	<u>2,255,515</u>