

**TOWN OF WAINWRIGHT**  
**Financial Statements**  
**Year Ended December 31, 2019**

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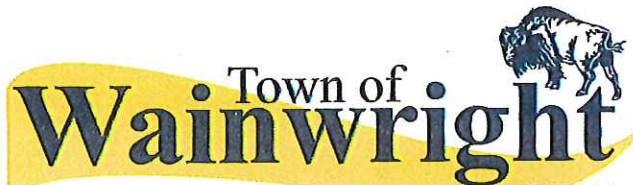
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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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, 2019 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 Donald L. Isaman Professional Corporation, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.

Chief Administrative Officer  
March 17, 2020

Director of Finance  
March 17, 2020





## INDEPENDENT AUDITOR'S REPORT

**DONALD L. ISAMAN**  
**PROFESSIONAL CORPORATION**  
Chartered Accountant

### To the Members of Council:

#### *Opinion*

I have audited the consolidated financial statements of the Town of Wainwright (the Entity), which comprise the statement of financial position as at December 31, 2019, 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 my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Wainwright as at December 31, 2019, 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*

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

#### *Auditor's Responsibility for the Audit of the Consolidated Financial Statements*

My 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 auditor's report that includes my 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's 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. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

#### *Report of Other Legal and Regulatory Requirements*

- Debt Limit Regulations:  
In accordance with Alberta Regulation 255/2000, I 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 12.
- Supplementary Accounting Principles and Standards Regulation:  
In accordance with Alberta Regulation 313/2000, I 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.

*Donald L. Seaman*  
*Professional Corporation*

Wainwright, Alberta  
March 17, 2020

Chartered Accountant



# TOWN OF WAINWRIGHT

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2019

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	4,064,166	1,970,463
Taxes and grants in lieu receivables (Note 3)	234,485	166,525
Receivables from other governments	351,217	558,686
Trade and other receivables (Note 4)	1,241,452	1,124,467
Land inventory held for resale	6,337,184	5,311,433
Deposit	-	67,500
Investment in Gas Alberta Inc.	746	746
Investments (Note 5)	<u>13,500,000</u>	<u>14,000,000</u>
	<u>25,729,250</u>	<u>23,199,820</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	524,778	549,746
Accrued wages and benefits	34,898	16,716
Deferred revenue (Note 6)	1,574,522	228,695
Deposit liability	24,343	30,643
Employee benefit obligations (Note 7)	422,265	534,990
Payable to other governments	403,455	457,509
Other current liabilities	130,330	220,886
Long term debt (Note 8)	<u>4,250,000</u>	<u>4,750,000</u>
	<u>7,364,591</u>	<u>6,789,185</u>
<b>NET FINANCIAL ASSETS</b>	<u>18,364,659</u>	<u>16,410,635</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	80,297,566	79,755,721
Prepaid expenses	<u>85,170</u>	<u>70,775</u>
	<u>80,382,736</u>	<u>79,826,496</u>
<b>ACCUMULATED SURPLUS (Schedule 1, Note 10)</b>	<u>98,747,395</u>	<u>96,237,131</u>

SIGNED ON BEHALF OF COUNCIL:

*Brian Bethune*  
.....  
*Celeste*  
.....

MAYOR

CHIEF ADMINISTRATIVE OFFICER



# TOWN OF WAINWRIGHT

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS YEAR ENDED DECEMBER 31, 2019

	Budget (Unaudited)	2019	2018
<b>REVENUE</b>			
Net taxes available for municipal purposes (Schedule 3)	6,137,116	6,136,352	5,837,301
Gain on sale of tangible capital assets	78,000	-	64,674
Government transfers for operating (Schedule 4)	1,317,110	1,240,676	1,098,834
Investment income	192,525	497,624	300,682
Licenses and permits	522,600	489,994	600,548
Other	302,000	127,695	64,476
Penalties and costs of taxes	59,525	81,185	77,729
User fees and sales of goods	9,843,770	10,274,641	9,532,035
<b>TOTAL REVENUE</b>	<u>18,452,646</u>	<u>18,848,167</u>	<u>17,576,279</u>
<b>EXPENSES</b>			
Council	286,300	235,492	247,490
General Administration	1,171,428	1,030,394	1,117,459
Police	1,512,053	1,310,639	1,448,279
Fire	482,697	515,304	466,120
Bylaw Enforcement	138,949	115,212	128,295
Common Services	610,791	663,891	726,363
Roads and Streets	1,191,767	1,737,323	1,701,248
Airport	33,585	70,356	69,627
Storm Sewers	104,083	479,298	308,726
Water Supply	2,093,758	2,687,454	2,425,666
Sanitary Sewage Service	386,337	540,254	528,647
Garbage Collection	506,660	435,202	413,919
Family and Community Services	346,648	346,648	343,765
Cemeteries	107,299	108,702	94,841
Municipal Planning	747,346	526,161	431,070
Subdivision Land	98,000	42,937	70,874
Parks and Recreation Board	86,819	76,117	90,483
Parks and Recreations Facilities	2,747,787	3,044,897	3,045,039
Culture	265,243	259,627	255,083
Gas Distribution	2,878,519	2,613,335	2,466,186
<b>TOTAL EXPENSES</b>	<u>15,796,069</u>	<u>16,839,243</u>	<u>16,379,180</u>
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER</b>	<u>2,656,577</u>	<u>2,008,924</u>	<u>1,197,099</u>
<b>OTHER</b>			
Cost recovery	-	-	110
Government transfers for capital (Schedule 4)	976,773	501,340	2,999,874
	<u>976,773</u>	<u>501,340</u>	<u>2,999,984</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	3,633,350	2,510,264	4,197,083
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>96,237,131</u>	<u>96,237,131</u>	<u>92,040,048</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>99,870,481</u>	<u>98,747,395</u>	<u>96,237,131</u>

# TOWN OF WAINWRIGHT

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31, 2019

	Budget (Unaudited)	2019	2018
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>3,633,350</u>	<u>2,510,264</u>	<u>4,197,083</u>
Acquisition of tangible capital assets	(3,639,553)	(3,107,554)	(4,404,668)
Contributed tangible capital assets	-	-	-
Proceeds on disposal of tangible capital assets	78,000	185,388	144,604
Amortization of tangible capital assets	-	2,323,617	2,183,661
Loss (gain) on sale of tangible capital assets	<u>-</u>	<u>56,704</u>	<u>(64,674)</u>
	<u>(3,561,553)</u>	<u>(541,845)</u>	<u>(2,141,077)</u>
Acquisition of prepaid assets	-	(41,057)	(33,151)
Use of prepaid assets	<u>-</u>	<u>26,662</u>	<u>26,898</u>
	<u>-</u>	<u>(14,395)</u>	<u>(6,253)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	71,797	1,954,024	2,049,753
<b>NET FINANCIAL ASSETS , BEGINNING OF YEAR</b>	<u>16,410,635</u>	<u>16,410,635</u>	<u>14,360,882</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>16,482,432</u>	<u>18,364,659</u>	<u>16,410,635</u>



# TOWN OF WAINWRIGHT

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2019

	2019	2018
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenue over expenses (Statement 2)	2,510,264	4,197,083
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	2,323,617	2,183,661
Loss (gain) on disposal of tangible capital assets	56,704	(64,674)
Non-cash charges to operations (net change):		
Increase in taxes and grants in lieu receivables	(67,960)	(13,897)
Decrease in receivables from other governments	207,469	2,119,791
(Increase) decrease in trade and other receivables	(116,985)	65,359
Increase in prepaid expenses	(14,395)	(6,253)
Increase in land inventory held for resale	(1,025,751)	(484,713)
Decrease (increase) in deposit	67,500	(67,500)
Increase in investment in Gas Alberta Inc.	-	(87)
Decrease in accounts payable and accrued liabilities	(24,968)	(568,248)
Increase in deferred revenue	1,345,827	106,868
Decrease in employee benefit obligations	(112,725)	(11,506)
Increase in accrued wages and benefits	18,182	16,716
Decrease in payable to other governments	(54,054)	(9,906)
Decrease in deposit liability	(6,300)	(15,400)
(Decrease) increase in other current liabilities	(90,556)	192,179
<b>Cash provided by operating transactions</b>	<u>5,015,869</u>	<u>7,639,473</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(3,107,554)	(4,404,668)
Sale of tangible capital assets	185,388	144,604
<b>Cash applied to capital transactions</b>	<u>(2,922,166)</u>	<u>(4,260,064)</u>
<b>INVESTING</b>		
Increase in restricted cash or cash equivalents	(1,238,973)	(308,253)
(Increase) decrease in investments	500,000	(11,500,000)
<b>Cash applied to investing transactions</b>	<u>(738,973)</u>	<u>(11,808,253)</u>
<b>FINANCING</b>		
Long term debt issued	-	5,000,000
Long term debt repaid	(500,000)	(250,000)
<b>Cash (applied to) provided by financing transactions</b>	<u>(500,000)</u>	<u>4,750,000</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<u>854,730</u>	<u>(3,678,844)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,465,633</u>	<u>5,144,477</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>2,320,363</u>	<u>1,465,633</u>

# TOWN OF WAINWRIGHT

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS, CONTINUED YEAR ENDED DECEMBER 31, 2019

	2019	2018
<b>Cash and cash equivalents is made up of :</b>		
Cash and temporary investments (Note 2)	4,064,166	1,970,463
Less: restricted portion of cash and temporary investments (Note 2)	<u>(1,743,803)</u>	<u>(504,830)</u>
	<u>2,320,363</u>	<u>1,465,633</u>

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019****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 TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

NOTES

**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 TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**NOTES**

**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><b>2019</b></u>	<u><b>2018</b></u>
Cash	<b>4,064,166</b>	1,970,463
Temporary investments	<u>—</u>	<u>—</u>
	<u><b>4,064,166</b></u>	<u><b>1,970,463</b></u>

Temporary investments are short term deposits with maturities of three months or less. Included in the above balances are \$1,743,803 (2018 - \$504,830) of funds restricted in use.

**TOWN OF WAINWRIGHT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

NOTES

**3. TAXES AND GRANTS IN LIEU RECEIVABLES**

	<u>2019</u>	<u>2018</u>
Current taxes and grants in lieu	156,797	119,585
Tax arrears and grants in lieu	<u>77,688</u>	<u>46,940</u>
	<u>234,485</u>	<u>166,525</u>

**4. TRADE AND OTHER RECEIVABLES**

	<u>2019</u>	<u>2018</u>
Trade receivables	452,045	350,214
Utility receivables	721,907	706,753
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>1,214,452</u>	<u>1,124,467</u>

**5. INVESTMENTS**

	<u>2019 Cost</u>	<u>2019 Market Value</u>	<u>2018 Cost</u>	<u>2018 Market Value</u>
Short term deposits	4,500,000	4,500,000	5,000,000	5,000,000
Long term deposits	<u>9,000,000</u>	<u>9,000,000</u>	<u>9,000,000</u>	<u>9,000,000</u>
	<u>13,500,000</u>	<u>13,500,000</u>	<u>14,000,000</u>	<u>14,000,000</u>

Short term deposits have effective interest rates of 2.50% (2018 – 2.10%) and mature in less than one year on July 28, 2020.

Long term deposits have effective interest rates of 3.10% (2018 – 3.10%) and mature in greater than one year on July 4, 2023 and August 27, 2023.



# TOWN OF WAINWRIGHT

NOTES

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

### 6. DEFERRED REVENUE

	<u>2019</u>	<u>2018</u>
Alberta Community Partnership	134,254	228,695
Arena Naming Rights	40,000	-
Federal Gas Tax Fund	712,192	-
Municipal Sustainability Initiative	488,076	-
Stormwater Assessment Study	<u>200,000</u>	<u>-</u>
	<u>1,574,522</u>	<u>228,695</u>

#### Alberta Community Partnership

No new funding was received during the year and \$94,441 was spent on projects.

#### Arena Naming Rights

Funding in the amount of \$50,000 was received during the year 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.

#### Federal Gas Tax Fund

Funding in the amount of \$708,513 was received during the year from the Federal Gas Tax Fund (FGT). Interest in the amount of \$3,679 has been earned on the FGT funds over the past year.

#### Municipal Sustainability Initiative

Funding in the amount of \$962,898 was received during the year from the Municipal Sustainability Initiative (MSI). Interest in the amount of \$2,518 has been earned on the MSI funds over the past year. During the year, \$477,340 was spent on projects.

#### Stormwater Assessment Study

Funding of \$200,000 was received during the year for a stormwater assessment study.

### 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>2019</u>	<u>2018</u>
Accrued employee vacation	269,095	252,898
Accrued employee sick days	<u>153,170</u>	<u>282,092</u>
	<u>422,265</u>	<u>534,990</u>

**TOWN OF WAINWRIGHT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**NOTES**

**8. LONG TERM DEBT**

	<u>2019</u>	<u>2018</u>
Tax supported debenture	<u>4,250,000</u>	<u>4,750,000</u>

The current portion of the long term debt amounts to \$500,000 (2018 - \$500,000).

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	500,000	150,563	650,563
2021	500,000	132,300	632,300
2022	500,000	114,050	614,050
2023	500,000	95,800	595,800
2024	500,000	77,563	577,563
Thereafter	<u>1,750,000</u>	<u>127,712</u>	<u>1,877,712</u>
	<u>4,250,000</u>	<u>697,988</u>	<u>4,947,988</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 \$168,650 (2018 - \$92,925).

The Town's total cash payments for interest in 2019 were \$168,800 (2018 - \$91,500).

**9. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2019</u>	<u>2018</u>
Tangible capital assets (Schedule 2)	<u>120,087,186</u>	117,478,663
Accumulated amortization (Schedule 2)	<u>(39,789,620)</u>	(37,722,942)
Long term debt (Note 8)	<u>(4,250,000)</u>	<u>(4,750,000)</u>
	<u>76,047,566</u>	<u>75,005,721</u>

# TOWN OF WAINWRIGHT

NOTES

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

### 10. ACCUMULATED SURPLUS

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

	<u>2019</u>	<u>2018</u>
Unrestricted surplus	2,427,010	2,488,477
Restricted surplus (Note 11)	20,272,819	18,742,933
Equity in tangible capital assets (Note 9)	<u>76,047,566</u>	<u>75,005,721</u>
	<u>98,747,395</u>	<u>96,237,131</u>

### 11. RESTRICTED SURPLUS

Restricted surplus activities changed as follows:

	<u>2019</u>			<u>2018</u>
	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Balance</u>
Administration	-	-	535,127	535,127
Arena	70,000	-	154,176	84,176
Cemetery	30,000	-	52,341	22,341
Common services	125,000	-	545,551	420,551
Communiplex	20,000	-	76,344	56,344
Fire equipment	-	-	409,270	409,270
Gas	392,949	-	2,021,841	1,628,892
General administration	-	-	164,739	164,739
Land development	433,855	49,921	6,005,649	5,621,715
Mainstreet lighting	300,000	-	1,807,766	1,507,766
Off-site costs	3,920	-	867,613	863,693
Parking	25,304	-	88,014	62,710
Parks	43,205	77,487	373,898	408,180
Parks and culture	-	25,000	-	25,000
Parks equipment	50,000	-	84,855	34,855
Photo radar	215,000	32,583	489,772	307,355
Police	-	-	38,608	38,608
Recreation facilities	450,000	50,140	665,886	266,026
Recreation special projects	-	-	22,000	22,000
Road maintenance	-	-	535,047	535,047
Sewer expansion	1,700,000	-	2,912,000	1,212,000
Storm water	-	2,544,216	921,784	3,466,000
Waterline	450,000	-	1,500,538	1,050,538
	<u>4,309,233</u>	<u>2,779,347</u>	<u>20,272,819</u>	<u>18,742,933</u>



**TOWN OF WAINWRIGHT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

NOTES

**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>2019</u>	<u>2018</u>
Total debt limit	<b>28,272,251</b>	26,364,419
Total debt	<b>4,250,000</b>	4,750,000
Amount of debt limit unused	<b>24,022,251</b>	21,614,419
Debt servicing limit	<b>4,712,042</b>	4,394,070
Debt servicing	<b>650,563</b>	668,800
Amount of debt servicing limit unused	<b>4,061,479</b>	3,725,270

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 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 9.39% (2018 – 10.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% (2018 – 14.84%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.39% (2018 – 9.39%) of pensionable salary up to the year's maximum pensionable salary and 12.84% (2018 – 13.84%) on pensionable salary above this amount.

Total current service contributions by the Town of Wainwright to the LAPP in 2019 were \$324,549 (2018 - \$349,964). Total current service contributions by the employees of the Town of Wainwright to the LAPP in 2019 were \$293,436 (2018 - \$319,461).

At December 31, 2018, the LAPP disclosed an actuarial surplus of \$3.469 billion.

# TOWN OF WAINWRIGHT

NOTES

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2019

### 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:

	2019			2018
	Salary <sup>1</sup>	Benefits and Allowances <sup>2</sup>	Total	Total
Mayor				
Brian Bethune	32,136	1,485	33,621	31,385
Councilors				
William Challenger	18,898	825	19,723	17,749
Bob Foley	20,338	33	20,371	22,176
Ariel Haubrich	17,498	754	18,252	18,576
Heather MacDonald	19,948	878	20,826	18,782
Patrick Moroz	18,348	797	19,145	17,853
Bruce Pugh	17,398	748	18,146	16,561
Chief Adm. Officer				
Ed Chow	162,003	30,544	192,547	192,047

<sup>1</sup>Salary includes regular pay, gross honoraria and any other direct cash remuneration.

<sup>2</sup>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, and long term disability plans.

### 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 of the settlement.

The Town of Wainwright is named as defendant in one lawsuit to recover damages to land and property allegedly caused by the Town. This lawsuit is still pending, and as litigation is subject to many uncertainties, it is not possible to predict the outcome of the lawsuit or to estimate the loss, if any, which may result. During the year, one lawsuit reached an agreement and has been settled.

### 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 TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**NOTES**

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**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 Encompass 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, 2019

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019 \$	2018 \$
<b>BALANCE, BEGINNING OF YEAR</b>	<b>2,488,477</b>	<b>18,742,933</b>	<b>75,005,721</b>	<b>96,237,131</b>	<b>92,040,048</b>
Excess of revenues over expenses	2,510,264	-	-	2,510,264	4,197,083
Unrestricted funds designated for future use	(2,559,233)	2,559,233	-	-	-
Restricted funds used for operations	82,504	(82,504)	-	-	-
Restricted funds used for tangible capital assets	-	(946,843)	946,843	-	-
Current year funds used for tangible capital assets	(2,160,711)	-	2,160,711	-	-
Contributed tangible capital assets	-	-	-	-	-
Disposal of tangible capital assets	242,092	-	(242,092)	-	-
Annual amortization expenses	2,323,617	-	(2,323,617)	-	-
Long term debt repaid	(500,000)	-	500,000	-	-
Change in accumulated surplus	(61,467)	1,529,886	1,041,845	2,510,264	4,197,083
<b>BALANCE, END OF YEAR</b>	<b>2,427,010</b>	<b>20,272,819</b>	<b>76,047,566</b>	<b>98,747,395</b>	<b>96,237,131</b>

# TOWN OF WAINWRIGHT

SCHEDULE 2

## SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2019

	Land	Buildings	Engineered Structures	Gas Distribution	Machinery and Equipment	Vehicles	2019 \$	2018 \$
<b>COST</b>								
BALANCE, BEGINNING OF YEAR	4,264,249	19,019,461	85,529,181	2,808,992	3,852,869	2,003,912	117,478,663	113,408,236
Acquisition of tangible capital assets	692,916	24,000	1,854,379	373,500	126,894	35,865	3,107,554	4,404,668
Construction-in-progress	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	(310,804)	(117,742)	(70,485)	(499,031)	(334,241)
Write down of tangible capital assets	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	4,957,165	19,043,461	87,383,560	2,871,688	3,862,021	1,969,292	120,087,186	117,478,663
<b>ACCUMULATED AMORTIZATION</b>								
BALANCE, BEGINNING OF YEAR	-	8,327,194	25,083,502	944,889	2,069,293	1,298,065	37,722,942	35,793,592
Annual amortization	-	387,271	1,507,800	68,180	272,127	88,239	2,323,617	2,183,661
Accumulated amortization on disposals	-	-	-	(157,248)	(68,993)	(30,698)	(256,939)	(254,311)
BALANCE, END OF YEAR	-	8,714,465	26,591,302	855,821	2,272,427	1,355,606	39,789,620	37,722,942
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	4,957,165	10,328,996	60,792,258	2,015,867	1,589,594	613,686	80,297,566	79,755,721
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,264,249	10,692,267	60,445,679	1,864,103	1,783,576	705,847	79,755,721	

# TOWN OF WAINWRIGHT

SCHEDULE 3

## SCHEDULE OF PROPERTY TAXES YEAR ENDED DECEMBER 31, 2019

	Budget (Unaudited)	2019	2018
<b>TAXATION</b>			
Property taxes			
- residential	5,585,136	<b>5,578,559</b>	5,403,756
- commercial	1,898,813	<b>1,898,141</b>	1,891,738
- industrial	928,611	<b>930,156</b>	838,141
- farmland	1,649	<b>1,649</b>	180
- special assessment	-	-	-
- electric power	100,701	<b>103,552</b>	103,128
- pipeline	46,804	<b>47,260</b>	35,542
- cable television	9,938	<b>9,938</b>	9,752
- machinery and equipment	79,894	<b>79,894</b>	74,960
Government grants in place of property taxes			
- federal	8,577	<b>8,578</b>	8,659
- provincial	31,099	<b>31,100</b>	24,235
	<u>8,691,222</u>	<u><b>8,688,827</b></u>	<u>8,390,091</u>
<b>REQUISITIONS</b>			
School Foundation Fund	1,993,840	<b>1,992,264</b>	1,978,496
Wainwright East Central Catholic	393,354	<b>393,298</b>	408,699
Battle River Foundation	125,354	<b>125,354</b>	124,879
East Central 911	40,128	<b>40,128</b>	40,128
Provincial Designated Industrial Properties	1,430	<b>1,431</b>	588
	<u>2,554,106</u>	<u><b>2,552,475</b></u>	<u>2,552,790</u>
<b>NET MUNICIPAL TAXES</b>	<u>6,137,116</u>	<u><b>6,136,352</b></u>	<u>5,837,301</u>



# TOWN OF WAINWRIGHT

SCHEDULE 4

## SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2019

	Budget (Unaudited)	2019	2018
<b>TRANSFERS FOR OPERATING:</b>			
Federal government	17,300	11,424	8,160
Local government	365,125	362,118	336,583
Provincial government	934,685	867,134	754,091
	<u>1,317,110</u>	<u>1,240,676</u>	<u>1,098,834</u>
 <b>TRANSFERS FOR CAPITAL:</b>			
Federal government	-	-	500,000
Local government	-	-	43,038
Provincial government	976,773	501,340	2,456,836
	<u>976,773</u>	<u>501,340</u>	<u>2,999,874</u>
 <b>TOTAL GOVERNMENT TRANSFERS</b>	<u>2,293,883</u>	<u>1,742,016</u>	<u>4,098,708</u>

# TOWN OF WAINWRIGHT

SCHEDULE 5

## SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT YEAR ENDED DECEMBER 31, 2019

	Budget (Unaudited)	2019	2018
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Amortization of tangible capital assets	-	2,323,617	2,183,661
Bank charges and short-term interest	2,100	616	4,030
Contracted and general services	4,709,857	3,555,818	3,914,430
Interest on long term debt	-	168,650	92,925
Materials, goods and utilities	5,149,354	5,293,086	4,612,118
Salaries, wages and benefits	5,309,431	4,820,386	4,948,243
Transfers to local boards and agencies	625,327	620,366	623,773
Loss on disposal of tangible capital assets	-	56,704	-
	<u>15,796,069</u>	<u>16,839,243</u>	<u>16,379,180</u>

**TOWN OF WAINWRIGHT**

SCHEDULE 6

**SCHEDULE OF SEGMENTED DISCLOSURE  
YEAR ENDED DECEMBER 31, 2019**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Gas Distribution	Other	Total \$
<b>REVENUE</b>									
Net municipal taxes	6,136,352	-	-	-	-	-	-	-	6,136,352
Government transfers	-	481,275	555,839	111,496	264,087	24,000	-	305,319	1,742,016
User fees and sales of goods	50,179	244,976	461,710	487,527	760,396	4,635,977	3,572,950	60,926	10,274,641
Investment income	497,624	-	-	-	-	-	-	-	497,624
Penalties and costs of taxes	57,804	-	-	-	-	4,681	18,700	-	81,185
Other revenues	114,335	419,190	1,440	18,471	64,178	-	-	75	617,689
	<u>6,856,294</u>	<u>1,145,441</u>	<u>1,018,989</u>	<u>617,494</u>	<u>1,088,661</u>	<u>4,664,658</u>	<u>3,591,650</u>	<u>366,320</u>	<u>19,349,507</u>
<b>EXPENSES</b>									
Contract & general services	443,327	1,190,923	344,216	269,140	445,961	576,254	223,567	62,430	3,555,818
Salaries & wages	639,161	430,823	647,655	290,606	1,653,358	494,463	582,056	82,264	4,820,386
Goods & supplies	75,376	186,121	534,112	8,622	558,946	2,207,510	1,720,976	1,423	5,293,086
Transfers to local boards	55,040	-	-	-	260,007	-	-	305,319	620,366
Long-term debt interest	-	-	-	-	-	168,650	-	-	168,650
Other expenses	1,385	39,787	-	-	(2,408)	-	18,556	-	57,320
	<u>1,214,289</u>	<u>1,847,654</u>	<u>1,525,983</u>	<u>568,368</u>	<u>2,915,864</u>	<u>3,446,877</u>	<u>2,545,155</u>	<u>451,436</u>	<u>14,515,626</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>5,642,005</u>	<u>(702,213)</u>	<u>(506,994)</u>	<u>49,126</u>	<u>(1,827,203)</u>	<u>1,217,781</u>	<u>1,046,495</u>	<u>(85,116)</u>	<u>4,833,881</u>
Amortization expense	(51,597)	(93,501)	(945,587)	(730)	(464,777)	(695,331)	(68,180)	(3,914)	(2,323,617)
<b>NET REVENUE</b>	<u>5,590,408</u>	<u>(795,714)</u>	<u>(1,452,581)</u>	<u>48,396</u>	<u>(2,291,980)</u>	<u>522,450</u>	<u>978,315</u>	<u>(89,030)</u>	<u>2,510,264</u>