

TOWN OF WAINWRIGHT
Financial Statements
Year Ended December 31, 2020

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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, 2020 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 2, 2021

Director of Finance
March 2, 2021

INDEPENDENT AUDITOR'S REPORT



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, 2020, 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, 2020, 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 H. Isama
Professional Corporation

Wainwright, Alberta
March 2, 2021

Chartered Professional Accountant

TOWN OF WAINWRIGHT

STATEMENT 1

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

	2020	2019
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	5,009,116	4,064,166
Taxes and grants in lieu receivables (Note 3)	160,234	234,485
Receivables from other governments	1,015,509	351,217
Trade and other receivables (Note 4)	1,213,582	1,241,452
Land inventory held for resale	6,599,630	6,337,184
Investment in Gas Alberta Inc.	746	746
Investments (Note 5)	<u>15,500,000</u>	<u>13,500,000</u>
	<u>29,498,817</u>	<u>25,729,250</u>
 LIABILITIES		
Accounts payable and accrued liabilities	654,339	524,778
Accrued wages and benefits	49,167	34,898
Deferred revenue (Note 6)	2,358,212	1,574,522
Deposit liability	21,843	24,343
Employee benefit obligations (Note 7)	365,313	422,265
Payable to other governments	546,950	403,455
Other current liabilities	100,245	130,330
Long term debt (Note 8)	3,750,000	4,250,000
Tax trust funds	16,254	-
	<u>7,862,323</u>	<u>7,364,591</u>
 NET FINANCIAL ASSETS	 <u>21,636,494</u>	 <u>18,364,659</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	80,179,429	80,297,566
Prepaid expenses	<u>130,750</u>	<u>85,170</u>
	<u>80,310,179</u>	<u>80,382,736</u>
 ACCUMULATED SURPLUS (Schedule 1, Note 10)	 <u>101,946,673</u>	 <u>98,747,395</u>

SIGNED ON BEHALF OF COUNCIL:

Brian Bethune.....
Edlher.....

MAYOR

CHIEF ADMINISTRATIVE OFFICER



TOWN OF WAINWRIGHT

STATEMENT 2

**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2020**

	Budget (Unaudited)	2020	2019
REVENUE			
Net taxes available for municipal purposes (Schedule 3)	6,247,453	6,244,231	6,136,352
Gain on sale of tangible capital assets	-	538	-
Government transfers for operating (Schedule 4)	2,066,967	2,478,802	1,240,676
Investment income	250,000	405,995	497,624
Licenses and permits	251,100	240,308	489,994
Other	275,193	299,956	127,695
Penalties and costs of taxes	62,525	78,493	81,185
User fees and sales of goods	9,732,418	9,787,207	10,274,641
TOTAL REVENUE	<u>18,885,656</u>	<u>19,535,530</u>	<u>18,848,167</u>
EXPENSES			
Council	268,500	179,563	235,492
General Administration	1,218,122	1,254,616	1,030,394
Police	1,365,630	1,329,804	1,310,639
Fire and Disaster Services	591,565	535,631	515,304
Bylaw Enforcement	100,862	76,908	115,212
Common Services	589,833	651,360	663,891
Roads and Streets	1,185,670	1,867,898	1,737,323
Airport	28,511	72,234	70,356
Storm Sewers	366,684	705,894	479,298
Water Supply	2,586,925	2,927,661	2,687,454
Sanitary Sewage Service	478,813	609,185	540,254
Garbage Collection	482,082	438,881	435,202
Family and Community Services	349,748	349,748	346,648
Cemeteries	99,133	83,776	108,702
Municipal Planning	592,870	463,643	526,161
Subdivision Land	98,000	28,475	42,937
Parks and Recreation Board	100,719	89,797	76,117
Parks and Recreations Facilities	2,566,443	3,032,106	3,044,897
Culture	268,338	256,640	259,627
Gas Distribution	2,793,200	2,744,855	2,613,335
TOTAL EXPENSES	<u>16,131,648</u>	<u>17,698,675</u>	<u>16,839,243</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER	<u>2,754,008</u>	<u>1,836,855</u>	<u>2,008,924</u>
OTHER			
Cost recovery	-	-	-
Government transfers for capital (Schedule 4)	2,468,210	1,362,423	501,340
	<u>2,468,210</u>	<u>1,362,423</u>	<u>501,340</u>
EXCESS OF REVENUE OVER EXPENSES	5,222,218	3,199,278	2,510,264
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>98,747,395</u>	<u>98,747,395</u>	<u>96,237,131</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>103,969,613</u>	<u>101,946,673</u>	<u>98,747,395</u>



TOWN OF WAINWRIGHT

STATEMENT 3

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2020**

	Budget (Unaudited)	2020	2019
EXCESS OF REVENUES OVER EXPENSES	<u>4,022,780</u>	<u>3,199,278</u>	<u>2,510,264</u>
Acquisition of tangible capital assets	(4,002,848)	(2,391,422)	(3,107,554)
Contributed tangible capital assets	-	-	-
Proceeds on disposal of tangible capital assets	-	62,194	185,388
Amortization of tangible capital assets	-	2,447,903	2,323,617
(Gain) loss on sale of tangible capital assets	-	(538)	56,704
	<u>(4,002,848)</u>	<u>118,137</u>	<u>(541,845)</u>
Acquisition of prepaid assets	-	(130,750)	(41,057)
Use of prepaid assets	-	85,170	26,662
	-	<u>(45,580)</u>	<u>(14,395)</u>
INCREASE IN NET FINANCIAL ASSETS	19,932	3,271,835	1,954,024
NET FINANCIAL ASSETS , BEGINNING OF YEAR	<u>18,364,659</u>	<u>18,364,659</u>	<u>16,410,635</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>18,384,591</u>	<u>21,636,494</u>	<u>18,364,659</u>



TOWN OF WAINWRIGHT

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2020

	2020	2019
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses (Statement 2)	3,199,278	2,510,264
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	2,447,903	2,323,617
(Gain) loss on disposal of tangible capital assets	(538)	56,704
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivables	74,251	(67,960)
(Increase) decrease in receivables from other governments	(664,292)	207,469
Decrease (increase) in trade and other receivables	27,870	(116,985)
Increase in prepaid expenses	(45,580)	(14,395)
Increase in land inventory held for resale	(262,446)	(1,025,751)
Decrease in deposit	-	67,500
Increase (decrease) in accounts payable and accrued liabilities	129,561	(24,968)
Increase in deferred revenue	783,690	1,345,827
Decrease in employee benefit obligations	(56,952)	(112,725)
Increase in accrued wages and benefits	14,269	18,182
Increase (decrease) in payable to other governments	143,495	(54,054)
Decrease in deposit liability	(2,500)	(6,300)
Decrease in other current liabilities	(30,085)	(90,556)
Increase in tax trust funds	16,254	-
Cash provided by operating transactions	<u>5,774,178</u>	<u>5,015,869</u>
CAPITAL		
Acquisition of tangible capital assets	(2,391,422)	(3,107,554)
Sale of tangible capital assets	62,194	185,388
Cash applied to capital transactions	<u>(2,329,228)</u>	<u>(2,922,166)</u>
INVESTING		
Increase in restricted cash or cash equivalents	(752,752)	(1,238,973)
(Increase) decrease in investments	(2,000,000)	500,000
Cash applied to investing transactions	<u>(2,752,752)</u>	<u>(738,973)</u>
FINANCING		
Long term debt repaid	(500,000)	(500,000)
Cash applied to financing transactions	<u>(500,000)</u>	<u>(500,000)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	192,198	854,730
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,320,363</u>	<u>1,465,633</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>2,512,561</u>	<u>2,320,363</u>



TOWN OF WAINWRIGHT

STATEMENT 4

**CONSOLIDATED STATEMENT OF CASH FLOWS, CONTINUED
YEAR ENDED DECEMBER 31, 2020**

	2020	2019
Cash and cash equivalents is made up of :		
Cash and temporary investments (Note 2)	5,009,116	4,064,166
Less: restricted portion of cash and temporary investments (Note 2)	<u>(2,496,555)</u>	<u>(1,743,803)</u>
	<u>2,512,561</u>	<u>2,320,363</u>



TOWN OF WAINWRIGHT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTES

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, 2020

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, 2020

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>2020</u>	<u>2019</u>
Cash	5,009,116	4,064,166
Temporary investments	<u> -</u>	<u> -</u>
	<u>5,009,116</u>	<u>4,064,166</u>

Temporary investments are short term deposits with maturities of three months or less. Included in the above balances are \$2,496,555 (2019 - \$1,743,803) of funds restricted in use.



TOWN OF WAINWRIGHT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTES

3. TAXES AND GRANTS IN LIEU RECEIVABLES

	<u>2020</u>	<u>2019</u>
Current taxes and grants in lieu	133,946	156,797
Tax arrears and grants in lieu	<u>26,288</u>	<u>77,688</u>
	<u>160,234</u>	<u>234,485</u>

4. TRADE AND OTHER RECEIVABLES

	<u>2020</u>	<u>2019</u>
Trade receivables	291,097	452,045
Utility receivables	854,985	721,907
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>1,213,582</u>	<u>1,214,452</u>

5. INVESTMENTS

	<u>2020 Cost</u>	<u>2020 Market Value</u>	<u>2019 Cost</u>	<u>2019 Market Value</u>
Short term deposits	6,500,000	6,500,000	4,500,000	4,500,000
Long term deposits	<u>9,000,000</u>	<u>9,000,000</u>	<u>9,000,000</u>	<u>9,000,000</u>
	<u>15,500,000</u>	<u>15,500,000</u>	<u>13,500,000</u>	<u>13,500,000</u>

Short term deposits have effective interest rates of 1.00% (2019 – 2.50%) and mature in less than one year on July 28, 2021.

Long term deposits have effective interest rates of 3.10% (2019 – 3.10%) and mature in greater than one year on July 4, 2023 and August 27, 2023.



TOWN OF WAINWRIGHT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTES

6. DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
Alberta Community Partnership	387,345	334,254
Arena Naming Rights	30,000	40,000
Federal Gas Tax Fund	471,031	712,192
Municipal Stimulus Program	316,211	-
Municipal Sustainability Initiative	<u>1,153,625</u>	<u>488,076</u>
	<u>2,358,212</u>	<u>1,574,522</u>

Alberta Community Partnership

Alberta Community Partnership funding is currently being deferred on three different projects. Funding in the amount of \$175,000 was received during the year for a parks and recreation study. During the year, \$1,373 was spent on the growth study and \$120,536 was spent on the regional stormwater assessment 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.

Federal Gas Tax Fund

Funding in the amount of \$358,655 was received during the year from the Federal Gas Tax Fund (FGT). Interest in the amount of \$8,463 has been earned on the FGT funds over the past year. During the year, \$608,279 was spent on projects.

Municipal Stimulus Program

Funding in the amount of \$316,211 was received during the year for a new grant program called the Municipal Stimulus Program (MSP) as a result of the Covid-19 pandemic. This funding will be spent on capital infrastructure projects in 2021.

Municipal Sustainability Initiative

Funding in the amount of \$1,357,204 was received during the year from the Municipal Sustainability Initiative (MSI). Interest in the amount of \$5,786 has been earned on the MSI funds over the past year. During the year, \$697,441 was spent on projects.



TOWN OF WAINWRIGHT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTES

7. EMPLOYEE BENEFIT OBLIGATIONS

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

	<u>2020</u>	<u>2019</u>
Accrued employee vacation	294,203	269,095
Accrued employee sick days	<u>71,110</u>	<u>153,170</u>
	<u>365,313</u>	<u>422,265</u>

8. LONG TERM DEBT

	<u>2020</u>	<u>2019</u>
Tax supported debenture	<u>3,750,000</u>	<u>4,250,000</u>

The current portion of the long term debt amounts to \$500,000 (2019 - \$500,000).

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2025	500,000	59,300	559,300
Thereafter	<u>1,250,000</u>	<u>68,412</u>	<u>1,318,412</u>
	<u>3,750,000</u>	<u>547,425</u>	<u>4,297,425</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 \$150,783 (2019 - \$168,650).

The Town's total cash payments for interest in 2020 were \$150,563 (2019 - \$168,800).



TOWN OF WAINWRIGHT

NOTES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2020</u>	<u>2019</u>
Tangible capital assets (Schedule 2)	122,343,164	120,087,186
Accumulated amortization (Schedule 2)	(42,163,735)	(39,789,620)
Long term debt (Note 8)	<u>(3,750,000)</u>	<u>(4,250,000)</u>
	<u>76,429,429</u>	<u>76,047,566</u>

10. ACCUMULATED SURPLUS

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

	<u>2020</u>	<u>2019</u>
Unrestricted surplus	3,807,026	2,427,010
Restricted surplus (Note 11)	21,710,218	20,272,819
Equity in tangible capital assets (Note 9)	<u>76,429,429</u>	<u>76,047,566</u>
	<u>101,946,673</u>	<u>98,747,395</u>

11. RESTRICTED SURPLUS

Restricted surplus activities changed as follows:

	2020			2019
	Increases	Decreases	Balance	Balance
Administration	100,000	-	635,127	535,127
Arena	80,000	100,000	134,176	154,176
Cemetery	5,000	10,500	46,841	52,341
Common services	95,000	54,373	586,178	545,551
Communiplex	30,000	13,200	93,144	76,344
Fire equipment	43,809	-	453,079	409,270
Gas	200,000	-	2,221,841	2,021,841
General administration	-	14,295	150,444	164,739
Land development	316,202	17,337	6,304,514	6,005,649
Off-site costs	2,774	-	870,387	867,613
Parking	-	-	88,014	88,014
Parks	15,327	30,289	358,936	373,898
Parks equipment	60,000	89,156	55,699	84,855
Police	-	-	38,608	38,608
Public works special projects	350,000	-	2,157,769	1,807,769
Recreation facilities	50,000	-	715,886	665,886
Recreation special projects	-	-	22,000	22,000
Road maintenance	-	-	535,044	535,044
Safety initiative projects	100,000	56,000	533,772	489,772
Sewer expansion	200,000	-	3,112,000	2,912,000
Storm water	250,000	150,563	1,021,221	921,784
Waterline	75,000	-	1,575,538	1,500,538
	<u>1,973,112</u>	<u>535,713</u>	<u>21,710,218</u>	<u>20,272,819</u>



TOWN OF WAINWRIGHT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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>2020</u>	<u>2019</u>
Total debt limit	29,303,295	28,272,251
Total debt	<u>3,750,000</u>	<u>4,250,000</u>
Amount of debt limit unused	<u>25,553,295</u>	<u>24,022,251</u>
Debt servicing limit	4,883,883	4,712,042
Debt servicing	<u>632,300</u>	<u>650,563</u>
Amount of debt servicing limit unused	<u>4,251,583</u>	<u>4,061,479</u>

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

13. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town of Wainwright participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the 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% (2019 – 9.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% (2019 – 13.84%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.39% (2019 – 8.39%) of pensionable salary up to the year's maximum pensionable salary and 12.84% (2019 – 12.84%) on pensionable salary above this amount.

Total current service contributions by the Town of Wainwright to the LAPP in 2020 were \$346,289 (2019 - \$324,549). Total current service contributions by the employees of the Town of Wainwright to the LAPP in 2020 were \$312,988 (2019 - \$293,436).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.913 billion.



TOWN OF WAINWRIGHT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTES

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:

	2020			2019
	Salary ¹	Benefits and Allowances ²	Total	Total
Mayor				
Brian Bethune	31,768	1,517	33,285	33,621
Councilors				
William Challenger	17,749	786	18,535	19,723
Bob Foley	18,209	33	18,242	20,371
Ariel Haubrich	17,459	771	18,230	18,252
Heather MacDonald	18,029	801	18,830	20,826
Patrick Moroz	16,799	737	17,536	19,145
Bruce Pugh	17,099	752	17,851	18,146
Chief Adm. Officer				
Ed Chow	164,433	28,403	192,836	192,547

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.

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.

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, 2020

NOTES

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 \$307,940 on behalf of the Wainwright Golf and Country Club.

19. 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, 2020.

20. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

21. COMPARATIVE FIGURES

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

22. OTHER MATTER

During the year, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial government, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Society and its operations in future periods.

TOWN OF WAINWRIGHT

SCHEDULE 1

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2020

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020 \$	2019 \$
BALANCE, BEGINNING OF YEAR	2,427,010	20,272,819	76,047,566	98,747,395	96,237,131
Excess of revenues over expenses	3,199,278	-	-	3,199,278	2,510,264
Unrestricted funds designated for future use	(1,973,112)	1,973,112	-	-	-
Restricted funds used for operations	181,100	(181,100)	-	-	-
Restricted funds used for tangible capital assets	-	(354,613)	354,613	-	-
Current year funds used for tangible capital assets	(2,036,809)	-	2,036,809	-	-
Contributed tangible capital assets	-	-	-	-	-
Disposal of tangible capital assets	61,656	-	(61,656)	-	-
Annual amortization expenses	2,447,903	-	(2,447,903)	-	-
Long term debt repaid	(500,000)	-	500,000	-	-
Change in accumulated surplus	1,380,016	1,437,399	381,863	3,199,278	2,510,264
BALANCE, END OF YEAR	3,807,026	21,710,218	76,429,429	101,946,673	98,747,395



TOWN OF WAINWRIGHT
SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2020

SCHEDULE 2

	Land	Buildings	Engineered Structures	Gas Distribution	Machinery and Equipment	Vehicles	2020 \$	2019 \$
COST								
BALANCE, BEGINNING OF YEAR	4,957,165	19,043,461	87,383,560	2,871,688	3,862,021	1,969,292	120,087,187	117,478,664
Acquisition of tangible capital assets	-	446,035	627,649	-	213,258	-	1,286,942	3,107,554
Construction-in-progress	-	61,624	1,042,856	-	-	-	1,104,480	-
Disposal of tangible capital assets	-	-	-	-	(110,812)	(24,633)	(135,445)	(499,031)
Write down of tangible capital assets	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	4,957,165	19,551,120	89,054,065	2,871,688	3,964,467	1,944,659	122,343,164	120,087,187
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	8,714,465	26,591,302	855,821	2,272,427	1,355,606	39,789,621	37,722,943
Annual amortization	-	398,422	1,622,543	85,845	265,618	75,475	2,447,903	2,323,617
Accumulated amortization on disposals	-	-	-	-	(49,156)	(24,633)	(73,789)	(256,939)
BALANCE, END OF YEAR	-	9,112,887	28,213,845	941,666	2,488,889	1,406,448	42,163,735	39,789,621
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,957,165	10,438,233	60,840,220	1,930,022	1,475,578	538,211	80,179,429	80,297,566
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,957,165	10,328,996	60,792,258	2,015,867	1,589,594	613,686	80,297,566	



TOWN OF WAINWRIGHT

SCHEDULE 3

**SCHEDULE OF PROPERTY TAXES
YEAR ENDED DECEMBER 31, 2020**

	Budget (Unaudited)	2020	2019
TAXATION			
Property taxes			
- residential	5,650,917	5,650,595	5,578,559
- commercial	1,951,349	1,949,776	1,898,141
- industrial	948,388	946,924	930,156
- farmland	1,674	1,674	1,649
- electric power	121,776	121,776	103,552
- pipeline	47,264	47,504	47,260
- cable television	10,065	10,065	9,938
- machinery and equipment	81,076	80,973	79,894
Government grants in place of property taxes			
- federal	8,682	8,682	8,578
- provincial	31,171	31,171	31,100
	<u>8,852,362</u>	<u>8,849,140</u>	<u>8,688,827</u>
REQUISITIONS			
School Foundation Fund	2,043,740	2,043,739	1,992,264
Wainwright East Central Catholic	394,714	394,715	393,298
Battle River Foundation	124,918	124,918	125,354
East Central 911	40,128	40,128	40,128
Provincial Designated Industrial Properties	1,409	1,409	1,431
	<u>2,604,909</u>	<u>2,604,909</u>	<u>2,552,475</u>
NET MUNICIPAL TAXES	<u>6,247,453</u>	<u>6,244,231</u>	<u>6,136,352</u>



TOWN OF WAINWRIGHT

SCHEDULE 4

**SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2020**

	Budget (Unaudited)	2020	2019
TRANSFERS FOR OPERATING:			
Federal government	753,413	629,279	11,424
Local government	369,125	368,697	362,118
Provincial government	944,429	1,480,826	867,134
	<u>2,066,967</u>	<u>2,478,802</u>	<u>1,240,676</u>
TRANSFERS FOR CAPITAL:			
Federal government	500,000	332,491	-
Local government	122,175	-	-
Provincial government	1,846,035	1,029,932	501,340
	<u>2,468,210</u>	<u>1,362,423</u>	<u>501,340</u>
TOTAL GOVERNMENT TRANSFERS	<u>4,535,177</u>	<u>3,841,225</u>	<u>1,742,016</u>



TOWN OF WAINWRIGHT

SCHEDULE 5

SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
YEAR ENDED DECEMBER 31, 2020

	Budget (Unaudited)	2020	2019
CONSOLIDATED EXPENSES BY OBJECT			
Amortization of tangible capital assets	-	2,447,903	2,323,617
Bank charges and short-term interest	13,100	1,723	616
Contracted and general services	4,571,750	3,843,567	3,555,818
Interest on long term debt	150,562	150,783	168,650
Materials, goods and utilities	5,643,008	5,684,784	5,293,086
Salaries, wages and benefits	5,130,871	4,985,018	4,820,386
Transfers to local boards and agencies	622,357	584,897	620,366
Loss on disposal of tangible capital assets	-	-	56,704
	<u>16,131,648</u>	<u>17,698,675</u>	<u>16,839,243</u>



TOWN OF WAINWRIGHT

SCHEDULE 6

SCHEDULE OF SEGMENTED DISCLOSURE
YEAR ENDED DECEMBER 31, 2020

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Gas Distribution	Other	Total \$
REVENUE									
Net municipal taxes	6,244,231	-	-	-	-	-	-	-	6,244,231
Government transfers	639,894	446,863	656,592	29,623	605,010	1,157,924	-	305,319	3,841,225
User fees and sales of goods	65,952	294,368	549,213	330,434	440,958	4,611,278	3,458,774	36,230	9,787,207
Investment income	405,995	-	-	-	-	-	-	-	405,995
Penalties and costs of taxes	58,976	-	-	-	-	3,907	15,610	-	78,493
Other revenues	67,492	172,533	1,842	33,913	8,781	250,000	-	6,241	540,802
	<u>7,482,540</u>	<u>913,764</u>	<u>1,207,647</u>	<u>393,970</u>	<u>1,054,749</u>	<u>6,023,109</u>	<u>3,474,384</u>	<u>347,790</u>	<u>20,897,953</u>
EXPENSES									
Contract & general services	518,749	1,226,207	389,845	174,526	462,859	791,234	233,021	47,126	3,843,567
Salaries & wages	759,600	439,587	717,261	310,223	1,568,134	497,932	617,419	74,862	4,985,018
Goods & supplies	82,767	184,376	535,720	6,639	617,857	2,445,255	1,808,570	3,600	5,684,784
Transfers to local boards	22,540	-	-	-	257,038	-	-	305,319	584,897
Long-term debt interest	-	-	-	-	-	150,783	-	-	150,783
Other expenses	412	-	-	-	1,311	-	-	-	1,723
	<u>1,384,068</u>	<u>1,850,170</u>	<u>1,642,826</u>	<u>491,388</u>	<u>2,907,199</u>	<u>3,885,204</u>	<u>2,659,010</u>	<u>430,907</u>	<u>15,250,772</u>
NET REVENUE, BEFORE AMORTIZATION	<u>6,098,472</u>	<u>(936,406)</u>	<u>(435,179)</u>	<u>(97,418)</u>	<u>(1,852,450)</u>	<u>2,137,905</u>	<u>815,374</u>	<u>(83,117)</u>	<u>5,647,181</u>
Amortization expense	(50,111)	(92,173)	(948,666)	(730)	(477,140)	(790,621)	(85,845)	(2,617)	(2,447,903)
NET REVENUE	<u>6,048,361</u>	<u>(1,028,579)</u>	<u>(1,383,845)</u>	<u>(98,148)</u>	<u>(2,329,590)</u>	<u>1,347,284</u>	<u>729,529</u>	<u>(85,734)</u>	<u>3,199,278</u>

