

**TOWN OF WAINWRIGHT**  
**Financial Statements**  
**Year Ended December 31, 2018**

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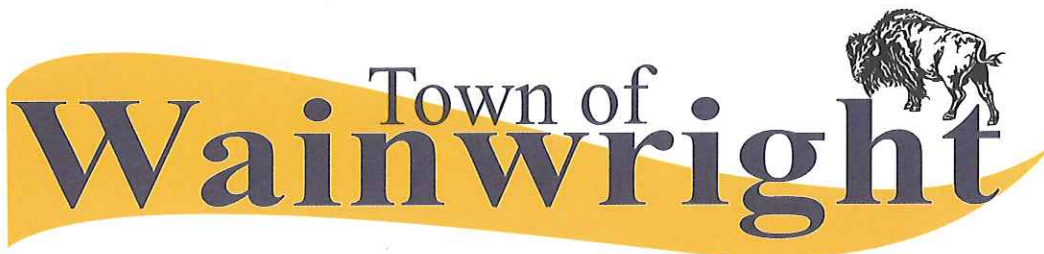
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## MANAGEMENT REPORT

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

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

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

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

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

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

Chief Administrative Officer  
March 5, 2019





## 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, 2018, 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, 2018, 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. Gaman*  
*Professional Corporation*

Wainwright, Alberta  
March 5, 2019

Chartered Accountant





# TOWN OF WAINWRIGHT

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2018

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	1,970,463	5,341,054
Taxes and grants in lieu receivables (Note 3)	166,525	152,628
Receivables from other governments	558,686	2,678,477
Trade and other receivables (Note 4)	1,124,467	1,189,826
Land inventory held for resale	5,311,433	4,826,720
Deposit	67,500	-
Investment in Gas Alberta Inc.	746	659
Investments (Note 5)	14,000,000	2,500,000
	<u>23,199,820</u>	<u>16,689,364</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	549,746	1,117,994
Accrued wages and benefits	16,716	-
Deferred revenue (Note 6)	228,695	121,827
Deposit liability	30,643	46,043
Employee benefit obligations (Note 7)	534,990	546,496
Payable to other governments	457,509	467,415
Other current liabilities	220,886	28,707
Long term debt (Note 8)	4,750,000	-
	<u>6,789,185</u>	<u>2,328,482</u>
<b>NET FINANCIAL ASSETS</b>	<u>16,410,635</u>	<u>14,360,882</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	79,755,721	77,614,644
Prepaid expenses	70,775	64,522
	<u>79,826,496</u>	<u>77,679,166</u>
<b>ACCUMULATED SURPLUS (Schedule 1, Note 10)</b>	<u>96,237,131</u>	<u>92,040,048</u>

SIGNED ON BEHALF OF COUNCIL:

*Brian Bethune*  
.....  
*Collier*  
.....

MAYOR

CHIEF ADMINISTRATIVE OFFICER



# TOWN OF WAINWRIGHT

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS YEAR ENDED DECEMBER 31, 2018

	Budget (Unaudited)	2018	2017
<b>REVENUE</b>			
Net taxes available for municipal purposes (Schedule 3)	5,849,607	5,837,301	5,689,735
Gain on sale of tangible capital assets	-	64,674	15,698
Government transfers for operating (Schedule 4)	1,146,790	1,098,834	1,122,894
Investment income	75,000	300,682	206,569
Licenses and permits	522,100	600,548	595,466
Other	60,528	64,476	276,029
Penalties and costs of taxes	55,525	77,729	74,485
User fees and sales of goods	8,883,057	9,532,035	9,710,723
<b>TOTAL REVENUE</b>	<b>16,592,607</b>	<b>17,576,279</b>	<b>17,691,599</b>
<b>EXPENSES</b>			
Council	258,168	247,490	211,441
General Administration	1,059,424	1,117,459	993,193
Police	1,486,108	1,448,279	1,484,500
Fire	414,618	466,120	389,159
Bylaw Enforcement	141,142	128,295	122,794
Common Services	607,747	726,363	638,049
Roads and Streets	1,207,716	1,701,248	1,685,287
Airport	33,401	69,627	67,101
Storm Sewers	139,506	308,726	276,913
Water Supply	2,057,155	2,425,666	2,595,836
Sanitary Sewage Service	372,169	528,647	549,287
Garbage Collection	484,468	413,919	482,636
Family and Community Services	343,765	343,765	343,765
Cemeteries	88,591	94,841	85,855
Municipal Planning	485,092	431,070	401,764
Subdivision Land	86,000	70,874	84,850
Parks and Recreation Board	101,228	90,483	92,349
Parks and Recreations Facilities	2,634,676	3,045,039	3,038,133
Culture	249,721	255,083	235,334
Gas Distribution	2,875,808	2,466,186	2,778,763
<b>TOTAL EXPENSES</b>	<b>15,126,503</b>	<b>16,379,180</b>	<b>16,557,009</b>
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER</b>	<b>1,466,104</b>	<b>1,197,099</b>	<b>1,134,590</b>
<b>OTHER</b>			
Cost recovery	-	110	-
Government transfers for capital (Schedule 4)	2,666,370	2,999,874	6,858,722
	<u>2,666,370</u>	<u>2,999,984</u>	<u>6,858,722</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>4,132,474</b>	<b>4,197,083</b>	<b>7,993,312</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>92,040,048</b>	<b>92,040,048</b>	<b>84,046,736</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>96,172,522</b>	<b>96,237,131</b>	<b>92,040,048</b>



# TOWN OF WAINWRIGHT

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS YEAR ENDED DECEMBER 31, 2018

	2018	2017
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u><b>4,197,083</b></u>	<u>7,993,312</u>
Acquisition of tangible capital assets	<u>(4,404,668)</u>	(12,821,536)
Contributed tangible capital assets	-	-
Proceeds on disposal of tangible capital assets	<u>144,604</u>	125,018
Amortization of tangible capital assets	<u>2,183,661</u>	2,110,891
Gain on sale of tangible capital assets	<u>(64,674)</u>	(15,698)
	<u><b>(2,141,077)</b></u>	<u>(10,601,325)</u>
Acquisition of prepaid assets	<u>(33,151)</u>	(64,522)
Use of prepaid assets	<u>26,898</u>	8,416
	<u><b>(6,253)</b></u>	<u>(56,106)</u>
<b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b>	<u><b>2,049,753</b></u>	<u>(2,664,119)</u>
<b>NET FINANCIAL ASSETS , BEGINNING OF YEAR</b>	<u><b>14,360,882</b></u>	<u>17,025,001</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><b>16,410,635</b></u>	<u>14,360,882</u>





# TOWN OF WAINWRIGHT

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2018

	2018	2017
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenue over expenses (Statement 2)	4,197,083	7,993,312
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	2,183,661	2,110,891
Gain on disposal of tangible capital assets	(64,674)	(15,698)
Non-cash charges to operations (net change):		
Increase in taxes and grants in lieu receivables	(13,897)	(18,256)
(Decrease) increase in receivables from other governments	2,119,791	(2,187,507)
(Decrease) increase in trade and other receivables	65,359	(108,003)
Increase in prepaid expenses	(6,253)	(56,106)
(Increase) decrease in land inventory held for resale	(484,713)	44,526
Increase in deposit	(67,500)	-
Increase in investment in Gas Alberta Inc.	(87)	-
(Decrease) increase in accounts payable and accrued liabilities	(568,248)	459,391
Increase (decrease) in deferred revenue	106,868	(151,135)
(Decrease) increase in employee benefit obligations	(11,506)	68,638
Increase (decrease) in accrued wages and benefits	16,716	(104,070)
(Decrease) increase in payable to other governments	(9,906)	172,481
Decrease in deposit liability	(15,400)	(20,500)
Increase (decrease) in other current liabilities	192,179	(44,279)
<b>Cash provided by operating transactions</b>	<b>7,639,473</b>	<b>8,143,685</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(4,404,668)	(12,821,536)
Sale of tangible capital assets	144,604	125,018
<b>Cash applied to capital transactions</b>	<b>(4,260,064)</b>	<b>(12,696,518)</b>
<b>INVESTING</b>		
(Increase) decrease in restricted cash or cash equivalents	(308,253)	215,914
(Increase) decrease in investments	(11,500,000)	1,500,000
<b>Cash (applied to) provided by investing transactions</b>	<b>(11,808,253)</b>	<b>1,715,914</b>
<b>FINANCING</b>		
Long term debt issued	5,000,000	-
Long term debt repaid	(250,000)	(874,807)
<b>Cash provided by (applied to) financing transactions</b>	<b>4,750,000</b>	<b>(874,807)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>(3,678,844)</b>	<b>(3,711,726)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>5,144,477</b>	<b>8,856,203</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>1,465,633</b>	<b>5,144,477</b>



**TOWN OF WAINWRIGHT**

**STATEMENT 4**

**CONSOLIDATED STATEMENT OF CASH FLOWS, CONTINUED**  
**YEAR ENDED DECEMBER 31, 2018**

	<b>2018</b>	<b>2017</b>
<b>Cash and cash equivalents is made up of :</b>		
Cash and temporary investments (Note 2)	<b>1,970,463</b>	5,341,054
Less: restricted portion of cash and temporary investments (Note 2)	<b>(504,830)</b>	(196,577)
	<b><u>1,465,633</u></b>	<u>5,144,477</u>

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018****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, 2018**

**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, 2018**

**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.

**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>2018</b></u>	<u><b>2017</b></u>
Cash	<b>1,970,463</b>	5,341,054
Temporary investments	<u>-</u>	<u>-</u>
	<u><b>1,970,463</b></u>	<u><b>5,341,054</b></u>

Temporary investments are short term deposits with maturities of three months or less. Included in the above balances are \$504,830 (2017 - \$196,577) of funds restricted in use.

**TOWN OF WAINWRIGHT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**NOTES**

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

	<u>2018</u>	<u>2017</u>
Current taxes and grants in lieu	119,585	109,640
Tax arrears and grants in lieu	<u>46,940</u>	<u>42,988</u>
	<u>166,525</u>	<u>152,628</u>

**4. TRADE AND OTHER RECEIVABLES**

	<u>2018</u>	<u>2017</u>
Trade receivables	350,214	220,378
Utility receivables	706,753	901,948
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>1,124,467</u>	<u>1,189,826</u>

**5. INVESTMENTS**

	<u>2018 Cost</u>	<u>2018 Market Value</u>	<u>2017 Cost</u>	<u>2017 Market Value</u>
Short term deposits	5,000,000	5,000,000	2,500,000	2,500,000
Long term deposits	<u>9,000,000</u>	<u>9,000,000</u>	-	-
	<u>14,000,000</u>	<u>14,000,000</u>	<u>2,500,000</u>	<u>2,500,000</u>

Short term deposits have effective interest rates of 2.10% (2017 – 1.60%) and mature in less than one year on July 25, 2019.

Long term deposits have effective interest rates of 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, 2018**

NOTES

**6. DEFERRED REVENUE**

	<u>2018</u>	<u>2017</u>
Airport Lighting	-	20,805
Alberta Community Partnership	228,695	88,126
Community Support Program	-	12,563
Welcoming Communities	-	333
	<u>228,695</u>	<u>121,827</u>

**Airport Lighting**

No new funding was received during the year and \$20,805 was spent on the airport lighting project.

**Alberta Community Partnership**

Funding in the amount of \$200,000 was received from Intermunicipal Collaboration funding. During the year, \$59,431 was spent on projects.

**Community Support Program**

No new funding was received during the year and \$12,563 was spent on projects.

**Welcoming Communities**

No new funding was received during the year and \$333 was spent on projects.

**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>2018</u>	<u>2017</u>
Accrued employee vacation	252,898	238,488
Accrued employee sick days	<u>282,092</u>	<u>308,008</u>
	<u>534,990</u>	<u>546,496</u>

**TOWN OF WAINWRIGHT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

NOTES

**8. LONG TERM DEBT**

	<u>2018</u>	<u>2017</u>
Tax supported debenture	<u>4,750,000</u>	<u>-</u>

The current portion of the long term debt amounts to \$500,000 (2017 - \$0).

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	500,000	168,800	668,800
2020	500,000	150,563	650,563
2021	500,000	132,300	632,300
2022	500,000	114,050	641,050
2023	500,000	95,800	595,800
Thereafter	<u>2,250,000</u>	<u>205,275</u>	<u>2,455,275</u>
	<u>4,750,000</u>	<u>866,788</u>	<u>5,616,788</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 \$92,925 (2017 - \$10,642).

The Town's total cash payments for interest in 2018 were \$91,500 (2017 - \$25,956).

**9. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2018</u>	<u>2017</u>
Tangible capital assets (Schedule 2)	117,478,663	113,408,236
Accumulated amortization (Schedule 2)	(37,722,942)	(35,793,592)
Long term debt (Note 8)	<u>(4,750,000)</u>	<u>-</u>
	<u>75,005,721</u>	<u>77,614,644</u>

# TOWN OF WAINWRIGHT

NOTES

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2018

### 10. ACCUMULATED SURPLUS

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

	<u>2018</u>	<u>2017</u>
Unrestricted surplus	2,488,477	2,413,428
Restricted surplus (Note 11)	18,742,933	12,011,976
Equity in tangible capital assets (Note 9)	<u>75,005,721</u>	<u>77,614,644</u>
	<u>96,237,131</u>	<u>92,040,048</u>

### 11. RESTRICTED SURPLUS

Restricted surplus activities changed as follows:

	<u>2018</u>			<u>2017</u>
	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Balance</u>
Administration	-	-	535,127	535,127
Arena	70,000	-	84,176	14,176
Cemetery	27,000	10,000	22,341	5,341
Centennial celebration	-	10,332	-	10,332
Common services	65,000	154,664	420,551	510,215
Communiplex	-	-	56,344	56,344
Economic development	-	-	-	-
Fire equipment	15,000	18,375	409,270	412,645
Gas	275,000	37,750	1,628,892	1,391,642
General administration	-	-	164,739	164,739
Land development	712,175	152,948	5,621,715	5,062,488
Mainstreet lighting	1,310,123	-	1,507,766	197,643
Off-site costs	624,777	-	863,693	238,916
Parking	-	-	62,710	62,710
Parks	36,832	73,620	408,180	444,968
Parks and culture	-	-	25,000	25,000
Parks equipment	20,000	105,616	34,855	120,471
Photo radar	139,939	32,584	307,355	200,000
Police	-	-	38,608	38,608
Recreation facilities	65,000	-	266,026	201,026
Recreation special projects	10,000	10,000	22,000	22,000
Road maintenance	-	-	535,047	535,047
Sewer expansion	300,000	-	1,212,000	912,000
Storm water	5,800,000	2,334,000	3,466,000	-
Waterline	200,000	-	1,050,538	850,538
	<u>9,670,846</u>	<u>2,939,889</u>	<u>18,742,933</u>	<u>12,011,976</u>



**TOWN OF WAINWRIGHT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**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>2018</u>	<u>2017</u>
Total debt limit	26,364,419	26,537,399
Total debt	<u>4,750,000</u>	-
Amount of debt limit unused	<u>21,614,419</u>	<u>26,537,399</u>
Debt servicing limit	4,394,070	4,422,900
Debt servicing	<u>668,800</u>	-
Amount of debt servicing limit unused	<u>3,725,270</u>	<u>4,422,900</u>

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

**13. LOCAL AUTHORITIES PENSION PLAN**

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

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

The Town of Wainwright is required to make current service contributions to the LAPP of 10.39% (2017 – 11.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% (2017 – 15.84%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 9.39% (2017 – 10.39%) of pensionable salary up to the year's maximum pensionable salary and 13.84% (2017 – 14.84%) on pensionable salary above this amount.

Total current service contributions by the Town of Wainwright to the LAPP in 2018 were \$349,964 (2017 - \$387,274). Total current service contributions by the employees of the Town of Wainwright to the LAPP in 2018 were \$319,461 (2017 - \$356,294).

At December 31, 2017, the LAPP disclosed an actuarial surplus of \$4.835 billion.



**TOWN OF WAINWRIGHT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

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:

	2018			2017
	Salary	Benefits and Allowances	Total	Total
Mayor				
Brian Bethune	30,550	1,473	32,023	27,303
Councillors				
William Challenger	17,350	1,476	18,826	18,338
Bob Foley	21,860	4,032	25,892	23,206
Ariel Haubrich	18,150	2,849	20,999	3,371
Heather MacDonald	18,350	2,942	21,292	6,229
Patricia MacGregor	-	-	-	5,529
Patrick Moroz	17,450	1,165	18,615	17,190
Bruce Pugh	16,200	857	17,057	15,345
Randy Tizzard	-	-	-	12,374
Chief Adm. Officer				
Ed Chow	159,609	1,764	161,373	151,956

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

**15. CONTINGENCIES**

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

The Town of Wainwright has been named as defendant in two lawsuits to recover damages to land and property allegedly caused by the Town. One of these lawsuits is still pending, and as litigation is subject to many uncertainties, it is not possible to predict the outcome of the lawsuits or to estimate the loss, if any, which may result. The other lawsuit has reached a tentative agreement subject to the satisfaction of the conditions as set out in the agreement. The conditions of the agreement are expected to met within the next fiscal year.

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

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**16. SEGMENTED DISCLOSURE**

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

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

**17. FINANCIAL INSTRUMENTS**

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

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

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

**18. COMMITMENT**

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

**19. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management have approved these financial statements.

**20. COMPARATIVE FIGURES**

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



# TOWN OF WAINWRIGHT

SCHEDULE 1

## SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS YEAR ENDED DECEMBER 31, 2018

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018 \$	2017 \$
<b>BALANCE, BEGINNING OF YEAR</b>	<b>2,413,428</b>	<b>12,011,976</b>	<b>77,614,644</b>	<b>92,040,048</b>	<b>84,046,736</b>
Excess of revenues over expenses	4,197,083	-	-	4,197,083	7,993,312
Unrestricted funds designated for future use	(9,670,846)	9,670,846	-	-	-
Restricted funds used for operations	205,864	(205,864)	-	-	-
Restricted funds used for tangible capital assets	-	(2,734,025)	2,734,025	-	-
Current year funds used for tangible capital assets	3,329,357	-	(3,329,357)	-	-
Contributed tangible capital assets	-	-	-	-	-
Disposal of tangible capital assets	79,930	-	(79,930)	-	-
Annual amortization expenses	2,183,661	-	(2,183,661)	-	-
Long term debt repaid	(250,000)	-	250,000	-	-
Change in accumulated surplus	75,049	6,730,957	(2,608,923)	4,197,083	7,993,312
<b>BALANCE, END 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>

# TOWN OF WAINWRIGHT

SCHEDULE 2

## SCHEDULE OF TANGIBLE CAPITAL ASSETS YEAR ENDED DECEMBER 31, 2018

	Land	Buildings	Engineered Structures	Gas Distribution	Machinery and Equipment	Vehicles	2018 \$	2017 \$
<b>COST</b>								
BALANCE, BEGINNING OF YEAR	4,264,249	18,999,030	81,829,821	2,719,434	3,662,440	1,933,263	113,408,236	100,912,037
Acquisition of tangible capital assets	-	-	-	-	-	-	-	-
Construction-in-progress	-	20,431	3,699,360	89,558	524,670	70,649	4,404,668	12,821,536
Disposal of tangible capital assets	-	-	-	-	(334,241)	-	(334,241)	(325,337)
Write down of tangible capital assets	-	-	-	-	-	-	-	-
BALANCE, END 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
<b>ACCUMULATED AMORTIZATION</b>								
BALANCE, BEGINNING OF YEAR	-	7,939,923	23,728,826	865,404	2,064,667	1,194,773	35,793,592	33,898,718
Annual amortization	-	387,271	1,354,676	79,485	258,937	103,292	2,183,661	2,110,891
Accumulated amortization on disposals	-	-	-	-	(254,311)	-	(254,311)	(216,017)
BALANCE, END OF YEAR	-	8,327,194	25,083,502	944,889	2,069,293	1,298,065	37,722,942	35,793,592
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>								
	4,264,249	10,692,267	60,445,679	1,864,103	1,783,576	705,847	79,755,721	77,614,644
2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,264,249	11,059,107	58,100,995	1,854,030	1,597,773	738,490	77,614,644	

# TOWN OF WAINWRIGHT

SCHEDULE 3

## SCHEDULE OF PROPERTY TAXES YEAR ENDED DECEMBER 31, 2018

	Budget (Unaudited)	2018	2017
<b>TAXATION</b>			
Property taxes			
- residential	5,408,502	<b>5,403,756</b>	5,259,717
- commercial	1,896,825	<b>1,891,738</b>	1,887,418
- industrial	840,616	<b>838,141</b>	787,057
- farmland	180	<b>180</b>	175
- special assessment	-	-	-
- electric power	103,127	<b>103,128</b>	95,681
- pipeline	35,542	<b>35,542</b>	3,650
- cable television	9,751	<b>9,752</b>	9,362
- machinery and equipment	74,960	<b>74,960</b>	72,093
Government grants in place of property taxes			
- federal	8,658	<b>8,659</b>	8,416
- provincial	24,235	<b>24,235</b>	23,761
	<u>8,402,396</u>	<u><b>8,390,091</b></u>	<u>8,147,330</u>
 <b>REQUISITIONS</b>			
School Foundation Fund	1,978,495	<b>1,978,496</b>	1,894,856
Wainwright East Central Catholic	408,699	<b>408,699</b>	402,045
Battle River Foundation	124,879	<b>124,879</b>	120,444
Wainwright and District Ambulance Society and E911	40,128	<b>40,128</b>	40,250
Provincial Designated Industrial Properties	588	<b>588</b>	-
	<u>2,552,789</u>	<u><b>2,552,790</b></u>	<u>2,457,595</u>
 <b>NET MUNICIPAL TAXES</b>	<u>5,849,607</u>	<u><b>5,837,301</b></u>	<u>5,689,735</u>



# TOWN OF WAINWRIGHT

SCHEDULE 4

## SCHEDULE OF GOVERNMENT TRANSFERS YEAR ENDED DECEMBER 31, 2018

	Budget (Unaudited)	2018	2017
<b>TRANSFERS FOR OPERATING:</b>			
Federal government	11,588	8,160	10,980
Local government	331,500	336,583	331,176
Provincial government	803,702	754,091	780,738
	<u>1,146,790</u>	<u>1,098,834</u>	<u>1,122,894</u>
 <b>TRANSFERS FOR CAPITAL:</b>			
Federal government	-	500,000	46,264
Local government	21,051	43,038	20,794
Provincial government	2,645,319	2,456,836	6,791,664
	<u>2,666,370</u>	<u>2,999,874</u>	<u>6,858,722</u>
 <b>TOTAL GOVERNMENT TRANSFERS</b>	<u>3,813,160</u>	<u>4,098,708</u>	<u>7,981,616</u>

# TOWN OF WAINWRIGHT

SCHEDULE 5

## SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT YEAR ENDED DECEMBER 31, 2018

	Budget (Unaudited)	2018	2017
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Amortization of tangible capital assets	-	<b>2,183,661</b>	2,110,891
Bank charges and short-term interest	2,100	<b>4,030</b>	1,373
Contracted and general services	4,439,948	<b>3,914,430</b>	4,283,019
Interest on long term debt	-	<b>92,925</b>	-
Materials, goods and utilities	4,986,879	<b>4,612,118</b>	4,729,149
Salaries, wages and benefits	5,093,707	<b>4,948,243</b>	4,827,248
Transfers to local boards and agencies	603,869	<b>623,773</b>	605,329
Loss on disposal of tangible capital assets	-	-	-
	<u>15,126,503</u>	<u><b>16,379,180</b></u>	<u>16,557,009</u>

# TOWN OF WAINWRIGHT

SCHEDULE 6

## SCHEDULE OF SEGMENTED DISCLOSURE YEAR ENDED DECEMBER 31, 2018

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Gas Distribution	Other	Total \$
<b>REVENUE</b>									
Net municipal taxes	5,837,301	-	-	-	-	-	-	-	5,837,301
Government transfers	54,239	466,788	576,995	36,397	237,204	2,421,766	-	305,319	4,098,708
User fees and sales of goods	100,968	734,051	379,268	823,418	791,116	4,135,127	3,126,826	41,809	10,132,583
Investment income	300,682	-	-	-	-	-	-	-	300,682
Penalties and costs of taxes	54,480	-	-	-	-	4,653	18,596	-	77,729
Other revenues	-	-	-	-	-	-	-	129,260	129,260
	6,347,670	1,200,839	956,263	859,815	1,028,320	6,561,546	3,145,422	476,388	20,576,263
<b>EXPENSES</b>									
Contract & general services	462,357	1,372,211	368,035	226,662	481,905	655,049	296,402	51,809	3,914,430
Salaries & wages	708,620	461,669	703,575	272,081	1,634,359	502,537	588,335	77,067	4,948,243
Goods & supplies	65,396	109,557	513,491	2,471	567,690	1,850,075	1,501,856	1,582	4,612,118
Transfers to local boards	68,040	-	-	-	250,414	-	-	305,319	623,773
Long-term debt interest	-	-	-	-	-	92,925	-	-	92,925
Other expenses	3,922	-	-	-	-	-	108	-	4,030
	1,308,335	1,943,437	1,585,101	501,214	2,934,368	3,100,586	2,386,701	435,777	14,195,519
<b>NET REVENUE, BEFORE AMORTIZATION</b>	5,039,335	(742,598)	(628,838)	358,601	(1,906,048)	3,460,960	758,721	40,611	6,380,744
Amortization expense	(56,614)	(99,257)	(912,137)	(730)	(456,237)	(576,372)	(79,485)	(2,829)	(2,183,661)
<b>NET REVENUE</b>	4,982,721	(841,855)	(1,540,975)	357,871	(2,362,285)	2,884,588	679,236	37,782	4,197,083