

TOWN OF WEMBLEY
Consolidated Financial Statements
December 31, 2021



TOWN OF WEMBLEY
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Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Members of Council of the Town of Wembley

Opinion

We have audited the consolidated financial statements of the Town of Wembley (the Town), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of financial activities and accumulated surplus, changes in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2021, and the results of its operations, change in net financial assets and cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the 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 Town'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 Town's financial reporting process.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Fletcher Moody & LLP

Grande Prairie, Alberta
April 25, 2022

Chartered Professional Accountants



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Town of Wembley is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Town's financial position as at December 31, 2021 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 Audit 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 Audit 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 Fletcher Mudryk LLP, independent external auditors appointed by the Town. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.

Grande Prairie, Alberta
April 25, 2022

DocuSigned by:

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Noreen Zhang
Chief Administrative Officer
Town of Wembley

TOWN OF WEMBLEY
Consolidated Statement of Financial Position
December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 2)</i>	\$ 3,836,560	\$ 3,317,232
Taxes and grants in lieu of taxes receivable <i>(Note 3)</i>	316,275	246,606
Trade and other receivables <i>(Note 4)</i>	1,691,836	199,578
Due from County of Grande Prairie No. 1	125,114	98,148
Land held for resale	20,000	47,973
Investments <i>(Note 5)</i>	694,516	633,980
	6,684,301	4,543,517
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 7)</i>	2,587,589	176,164
Deferred revenue <i>(Note 8)</i>	1,162,956	1,847,562
Deferred sales and user charges	31,549	111,287
Provision for landfill closure and post-closure costs <i>(Note 9)</i>	21,120	54,403
Long-term debt <i>(Note 10)</i>	772,191	892,601
	4,575,405	3,082,017
NET FINANCIAL ASSETS	2,108,896	1,461,500
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 12)</i>	34,697,678	35,083,008
Prepaid expenses	561	52,961
	34,698,239	35,135,969
NET ASSETS	\$ 36,807,135	\$ 36,597,469
CONTINGENT LIABILITIES <i>(Note 19)</i>		
ACCUMULATED SURPLUS <i>(Schedule 1, Note 14)</i>	\$ 36,807,135	\$ 36,597,469

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Statement of Financial Activities and Accumulated Surplus
Year Ended December 31, 2021

	<i>Budget</i> 2021 <i>(Unaudited)</i>	2021	2020
REVENUE			
Net municipal property taxes <i>(Schedule 2)</i>	\$ 1,929,726	\$ 1,940,042	\$ 1,924,534
User fees and sales of goods	351,992	454,537	463,864
Franchise and concession contracts	241,051	217,516	211,619
Government transfers for operating <i>(Schedule 3)</i>	321,841	197,407	253,470
Penalties and costs of taxes	70,000	43,336	66,760
Fines, rentals, licences and permits	26,739	32,951	43,493
Interest and investment income	25,300	25,558	38,589
	<u>2,966,649</u>	<u>2,911,347</u>	<u>3,002,329</u>
EXPENDITURES			
Council and other legislative services	111,000	109,106	135,067
Administrative services	609,305	599,754	540,351
Protective services	511,554	598,536	475,324
Transportation services	1,056,300	898,701	1,061,678
Water and wastewater services	6,200	385,000	385,070
Garbage collection and disposal services	204,213	180,718	236,491
Family and community support services	103,287	107,764	96,016
Planning and development services	48,000	28,866	76,018
Recreation and cultural services	224,399	210,309	233,466
	<u>2,874,258</u>	<u>3,118,754</u>	<u>3,239,481</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE THE FOLLOWING	<u>92,391</u>	<u>(207,407)</u>	<u>(237,152)</u>
OTHER ITEMS			
Gain on disposal of tangible capital assets	-	18,660	141,613
Tangible capital assets transferred to Aquatera Utilities Inc.	-	-	(1,353,302)
Impairment loss	-	(29,189)	-
Government transfers for capital <i>(Schedule 3)</i>	-	367,066	1,299,119
Share of subsidiary income - Aquatera Utilities Inc.	-	60,536	36,911
	<u>-</u>	<u>417,073</u>	<u>124,341</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>92,391</u>	<u>209,666</u>	<u>(112,811)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>36,597,469</u>	<u>36,597,469</u>	<u>36,710,280</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 29,295,199</u>	<u>\$ 36,807,135</u>	<u>\$ 36,597,469</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2021

	<i>Budget</i> 2021 <i>(Unaudited)</i>	2021	2020
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 92,391	\$ 209,666	\$ (112,811)
Acquisition of tangible capital assets	-	(572,140)	(2,028,724)
Proceeds on disposal of tangible capital assets	-	225,332	381,066
Amortization of tangible capital assets	-	750,798	725,460
Gain on disposal of tangible capital assets	-	(18,660)	(141,613)
Tangible capital assets transferred to Aquatera Utilities Inc.	-	-	1,353,302
	-	385,330	289,491
Acquisition of prepaid assets	-	-	(52,961)
Use of prepaid assets	-	52,400	47,862
	-	52,400	(5,099)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	92,391	647,396	171,581
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,461,500	1,461,500	1,289,919
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,553,891	\$ 2,108,896	\$ 1,461,500

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Statement of Cash Flow
Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 209,666	\$ (112,811)
Items not affecting cash:		
Amortization of tangible capital assets	750,798	725,460
Gain on disposal of tangible capital assets	(18,660)	(141,613)
Tangible capital assets transferred to Aquatera Utilities Inc.	-	1,353,302
Provision for landfill closure and post-closure	(33,283)	12,483
	<u>908,521</u>	<u>1,836,821</u>
Changes in non-cash working capital:		
Taxes and grants in lieu of taxes receivable	(69,669)	(44,222)
Trade and other receivables	(1,492,258)	73,956
Due from County of Grande Prairie No. 1	(26,966)	(35,048)
Land held for resale	27,973	(350)
Accounts payable and accrued liabilities	2,411,425	(2,559,180)
Deposit liabilities	-	(127,070)
Deferred revenue	(684,606)	(261,765)
Deferred sales and user charges	(79,738)	(12,290)
Prepaid expenses	52,400	(5,099)
	<u>138,561</u>	<u>(2,971,068)</u>
Cash from (used by) operating activities	<u>1,047,082</u>	<u>(1,134,247)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(572,140)	(2,028,724)
Proceeds on disposal of tangible capital assets	225,332	381,066
Investment in Aquatera Utilities Inc.	(60,536)	(186,782)
Cash used by capital activities	<u>(407,344)</u>	<u>(1,834,440)</u>
FINANCING ACTIVITIES		
Repayment of County of Grande Prairie No. 1 loan	(80,000)	(80,000)
Repayment of long-term debt	(40,410)	(39,398)
Cash used by financing activities	<u>(120,410)</u>	<u>(119,398)</u>
INCREASE (DECREASE) IN CASH	519,328	(3,088,085)
CASH AND TEMPORARY INVESTMENTS - BEGINNING OF YEAR	<u>3,317,232</u>	<u>6,405,317</u>
CASH AND TEMPORARY INVESTMENTS - END OF YEAR	<u>\$ 3,836,560</u>	<u>\$ 3,317,232</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY

Consolidated Changes in Accumulated Surplus

(Schedule 1)

Year Ended December 31, 2021

	Unrestricted Surplus (Deficit)	Restricted Surplus	Equity in Aquatera Utilities Inc.	Equity in Tangible Capital Assets	2021	2020
BALANCE, BEGINNING OF YEAR	\$ -	\$ 1,774,140	\$ 632,922	\$ 34,190,407	\$ 36,597,469	\$ 36,710,280
Excess (deficiency) of revenue over expenditures	209,666	-	-	-	209,666	(112,811)
Unrestricted funds designated for future use	(574,687)	574,687	-	-	-	-
Restricted funds used for operations	109,528	(109,528)	-	-	-	-
Restricted funds used for tangible capital assets	-	(51,109)	-	51,109	-	-
Current year funds used for tangible capital assets	(153,965)	-	-	153,965	-	-
Accrued share of subsidiary income	(60,536)	-	60,536	-	-	-
Government transfers for tangible capital assets	(367,066)	-	-	367,066	-	-
Disposal of tangible capital assets	225,332	-	-	(225,332)	-	-
Gain (loss) on disposal of tangible capital assets	(18,660)	-	-	18,660	-	-
Amortization of tangible capital assets	750,798	-	-	(750,798)	-	-
Repayment of long-term debt	(120,410)	-	-	120,410	-	-
Change in accumulated surplus	-	414,050	60,536	(264,920)	209,666	(112,811)
BALANCE, END OF YEAR	\$ -	\$ 2,188,190	\$ 693,458	\$ 33,925,487	\$ 36,807,135	\$ 36,597,469

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Property and Other Taxes
Year Ended December 31, 2021

(Schedule 2)

	<i>Budget</i> 2021 <i>(Unaudited)</i>	2021	2020
Taxation			
Real property taxes	\$ 2,475,330	\$ 2,405,699	\$ 2,387,702
Linear property taxes	-	72,425	66,558
	<u>2,475,330</u>	<u>2,478,124</u>	<u>2,454,260</u>
Deduct: requisitions			
Alberta School Foundation Fund	536,993	529,471	520,816
Senior Foundation	8,611	8,611	8,910
	<u>545,604</u>	<u>538,082</u>	<u>529,726</u>
Net municipal property taxes	<u>\$ 1,929,726</u>	<u>\$ 1,940,042</u>	<u>\$ 1,924,534</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Government Transfers
Year Ended December 31, 2021

(Schedule 3)

	<i>Budget</i> 2021 <i>(Unaudited)</i>	2021	2020
Government transfers for operating			
Provincial government	\$ 264,947	\$ 137,990	\$ 193,425
Other local governments	56,894	59,417	60,045
	<u>321,841</u>	<u>197,407</u>	<u>253,470</u>
Government transfers for capital			
Provincial government	-	367,066	888,090
Other local governments	-	-	411,029
	<u>-</u>	<u>367,066</u>	<u>1,299,119</u>
	<u>\$ 321,841</u>	<u>\$ 564,473</u>	<u>\$ 1,552,589</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Expenditures by Object
Year Ended December 31, 2021

(Schedule 4)

	<i>Budget</i> 2021 <i>(Unaudited)</i>	2021	2020
EXPENDITURES			
Salaries, wages and benefits	\$ 1,248,548	\$ 1,055,624	\$ 1,088,815
Contracted and general services	976,051	844,329	997,521
Materials, goods, supplies and utilities	516,692	378,784	336,285
Transfers to individuals and organizations	49,500	46,294	50,933
Purchases from other governments	22,200	19,180	19,434
Interest on long-term debt	57,267	16,857	17,869
Bank charges and short-term interest	4,000	6,888	3,164
Amortization of tangible capital assets	-	750,798	725,460
	<u>\$ 2,874,258</u>	<u>\$ 3,118,754</u>	<u>\$ 3,239,481</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Schedule of Segment Disclosure
Year Ended December 31, 2021

(Schedule 5)

	General Government	Protective Services	Transportation Services	Planning and Development	Community Development	Recreation and Culture	Total
REVENUE							
Net municipal property taxes	\$ 1,940,042	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,940,042
User fees and sales of goods	252,214	153,100	-	4,350	5,860	39,013	454,537
Franchise and concession contracts	217,516	-	-	-	-	-	217,516
Government transfers for operating	81,736	-	6,165	-	78,756	30,750	197,407
Penalties and cost of taxes	9,206	13,005	-	-	10,740	-	32,951
Fines, rentals, licences and permits	43,336	-	-	-	-	-	43,336
Interest and other investment income	25,558	-	-	-	-	-	25,558
	2,569,608	166,105	6,165	4,350	95,356	69,763	2,911,347
EXPENDITURES							
Salaries, wages and benefits	389,036	144,463	388,307	-	44,837	88,981	1,055,624
Contracted and general services	387,207	229,477	129,293	14,839	43,138	40,375	844,329
Materials, goods, supplies and utilities	76,966	78,195	166,847	14,027	19,789	22,960	378,784
Transfers to individuals and organizations	-	13,959	-	-	-	32,335	46,294
Purchases from other governments	19,180	-	-	-	-	-	19,180
Interest on long-term debt	-	16,857	-	-	-	-	16,857
Bank charges and short-term interest	6,888	-	-	-	-	-	6,888
Amortization of tangible capital assets	394,690	115,585	214,865	-	-	25,658	750,798
	1,273,967	598,536	899,312	28,866	107,764	210,309	3,118,754
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 1,295,641	\$ (432,431)	\$ (893,147)	\$ (24,516)	\$ (12,408)	\$ (140,546)	\$ (207,407)

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Town of Wembley are the representations of management prepared in accordance with local government accounting standards 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 net financial assets and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town for the administration of their financial affairs and resources. Included in the Town's consolidated financial statements is the Town's 15% share of the financial activities of the West Grande Prairie County Solid Waste Management Authority.

The Town's investment in Aquatera Utilities Inc. is accounted for on a modified equity basis, consistent with the Canadian Public Sector Accounting Standards for government business enterprises. Under the modified equity basis, the business enterprise is not consolidated, its accounting policies are not adjusted to conform with those of the Town and inter-organizational transactions and balances are not eliminated.

The schedule of taxes levied includes operating requisitions for education and senior foundations that are not part of the Town's reporting entity.

Interdepartmental and organizational transactions and balances have been eliminated.

Basis of accounting

The consolidated 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.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit.

Government transfers

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Land held for resale

Land held for resale is recorded at the lower of cost and net realizable value. The balance includes properties acquired through tax recovery which are recorded equal to the tax owing at the time of municipal acquisition.

(continues)



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments

Investments are recorded at amortized cost. When there has been a loss in value which is other than a temporary decline, the respective investment is written down to recognize the loss.

Tangible capital assets

Tangible capital 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.

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 of the tangible capital assets are amortized on a straight-line basis over the estimated useful life as follows:

Land improvements	15 - 25 years
Buildings	25 - 50 years
Engineered structures	10 - 75 years
Equipment	3 - 20 years
Motor vehicles	10 - 20 years

In the year of acquisition, amortization is applied at half of normal rates. Assets under construction are not amortized until the asset is available for productive use.

The Town regularly reviews its tangible capital assets for sold or scrapped assets, at which time the cost and the related accumulated amortization are removed from the accounts and any resulting gain or loss on disposal is reflected in income. No amortization is recorded in the year of disposition.

Tangible capital assets received as contributions are recorded at fair market value at the date of receipt and are also recorded as revenue.

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

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.

Equity in tangible capital assets

Equity in tangible capital assets represents the Town's net investment in tangible capital assets, after deducting the portion financed by third parties through debenture, bond and mortgage debts, long-term capital borrowing, capital lease or other capital liabilities.

(continues)



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee future benefits

Selected employees of the Town are members of the Local Authority Pension Plan (LAPP), a multi-employer defined benefit pension plan. The President of the Alberta Treasury Board and the Minister of Finance are the legal trustees and administrators of the Plan, which is governed by a Board of Trustees. Since the plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the Town does not recognize its share of any plan surplus or deficit.

Landfill closure and post-closure liability

Pursuant to the Alberta Environment Protection and Enhancement Act, the Town is required to fund its proportionate share of the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover and landscaping, as well as surface and ground water monitoring, leachate control and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

Reserves for future expenditures

Reserves are established at the discretion of Council to set aside funds for future expenditures and capital projects.

Budget

The budget amounts are presented for information purposes and have not been audited. The Town's 15% share of the West Grande Prairie County Solid Waste Management Authority's budget has been consolidated.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant estimates used in the preparation of the consolidated financial statements includes the provision for amortization of tangible capital assets. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Future Accounting Standard Pronouncements

The following Canadian Public Sector Accounting Standards have been updated, but are not yet effective for the Town. The Town is currently evaluating the effect of adopting each standard.

Items effective for the December 31, 2022 fiscal year are as follows: PS1201 Financial Statement Presentation, PS3450 Financial Instruments, PS2601 Foreign Currency Translation, PS3041 Portfolio Investments, Section PS 3050 – Loans Receivable, and PS3280 Asset Retirement Obligations.

Items effective for the December 31, 2023 fiscal year are as follows: PS3400 Revenue and PSG-8 Purchased Intangibles.



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

2. CASH AND CASH EQUIVALENTS

	2021	2020
Cash on hand and in banks (overdraft)	\$ 283,105	\$ (138,216)
Savings accounts	3,157,135	3,067,711
West Grande Prairie County Solid Waste Management Authority temporary investments	396,320	387,737
	\$ 3,836,560	\$ 3,317,232

Savings accounts bear interest at 0.55% per annum.

Included in cash are restricted amounts aggregating \$1,162,956 (2020 - \$1,847,562) to be used for specific capital and other projects as disclosed in Note 8 and \$21,120 (2020 - \$54,403) to be used for the West Grande Prairie County Solid Waste Management Authority landfill closure and post-closure liabilities as disclosed in Note 9.

3. TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLE

	2021	2020
Current taxes and grants in lieu	\$ 208,734	\$ 198,527
Tax arrears	107,541	48,079
	\$ 316,275	\$ 246,606

4. TRADE AND OTHER RECEIVABLES

	2021	2020
Grants receivable	\$ 1,485,945	\$ 113,534
Trade and other receivables	124,257	62,089
GST receivable	59,981	14,316
Receivable from other governments	21,653	9,639
	\$ 1,691,836	\$ 199,578



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

5. INVESTMENTS

	2021	2020
Aquatera Utilities Inc. - 0.40% ownership		
555 Class B common shares (2020 - 555 shares)	\$ 6	\$ 6
64 Class C common shares (2020 - 27 shares)	64	27
555 Class E preferred shares (2020 - 555 shares)	554,473	554,473
77 Class I preferred shares (2020 - 27 shares)	64,278	27,367
Cumulative share of net earnings	74,637	51,049
Subtotal	693,458	632,922
Alberta Capital Finance Authority shares	10	10
United Farmers of Alberta patronage reserves	876	876
Alberta Association of Municipal Districts and Counties patronage reserves	172	172
	\$ 694,516	\$ 633,980

6. BANK INDEBTEDNESS

The ATB Financial credit facility encompasses a revolving demand loan to a maximum of \$550,000. The loan bears interest at the bank prime rate plus 1.00% and is secured by a general security agreement. At December 31, 2021, all of the revolving demand loan was unused.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Regular trade payables	\$ 253,412	\$ 166,164
Capital project payables	2,334,177	10,000
	\$ 2,587,589	\$ 176,164

8. DEFERRED REVENUE

	2021	2020
Municipal Sustainability Initiative grant	\$ 697,585	\$ 351,799
Canada Community-Building Fund	412,806	262,144
Alberta Municipal Water/Wastewater Partnership	-	892,561
Aquatera Utilities Inc. waterline funding	-	278,839
Regional Collaboration grant	-	1,497
Federation of Canadian Municipalities grant	45,065	-
Family Community and Support Services funding	7,500	-
Skateboard Park capital grant	-	5,202
Municipal Operating Support Transfer grant	-	55,520
	\$ 1,162,956	\$ 1,847,562

Unexpended funds for specific projects are restricted as disclosed in Note 2.



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

9. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Alberta environmental law requires closure and post-closure care of landfill sites, which includes final covering and landscaping, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspections and maintenance. A liability has been recorded based on the Town's 15% share of ownership of West Grande Prairie County Solid Waste Management Authority.

The estimated liability is based on the sum of the discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 3.46% and assuming annual inflation of 2.0%.

The accrued liability portion is based on the cumulative capacity used at year end compared to the estimated total landfill capacity. The total capacity of the site is estimated at 1,334,226 cubic meters. The estimated remaining capacity of the landfill site is 1,106,023 (2020 - 1,119,214) cubic meters. The existing landfill site is expected to reach capacity in approximately 95 years.

The Town has implemented a restricted cash fund which is not less than the closure and post-closure liability and is adjusted annually to ensure the fund is sufficient to settle closure and post-closure liabilities as disclosed in Note 2.

The following summarizes the estimated costs of closure and post-closure care:

Estimated closure costs	\$ 78,237
Estimated post-closure costs	<u>45,057</u>
Estimated post-closure costs	123,294
Amount accrued to December 31, 2021	<u>(21,120)</u>
Balance of estimated costs to accrue	<u>\$ 102,174</u>



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

10. LONG-TERM DEBT

	2021	2020
County of Grande Prairie No. 1 is non-interest bearing, secured by a general security agreement and is repayable in annual payments of \$80,000.	\$ 141,999	\$ 221,999
Alberta Capital Finance Authority bears interest at 2.55%, is secured by a general security agreement and is repayable in thirty blended semi-annual payments of \$57,267.	630,192	670,602
	772,191	892,601
Amounts payable within one year	(121,448)	(119,398)
	\$ 650,743	\$ 773,203
Principal repayment terms are approximately:		
2022	\$ 121,448	
2023	104,511	
2024	43,604	
2025	44,724	
Thereafter	457,904	
	\$ 772,191	

11. DEBT LIMIT

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 Wembley be disclosed as follows:

	2021	2020
Total debt limit	\$ 4,367,021	\$ 4,503,494
Loan payable to County of Grande Prairie No. 1	(141,999)	(221,999)
Loan payable to Alberta Capital Finance Authority	(630,192)	(670,602)
Amount of debt limit unused	\$ 3,594,830	\$ 3,610,893
Debt servicing limit	\$ 727,837	\$ 750,582
Debt servicing - loan payable to County of Grande Prairie No. 1	(80,000)	(80,000)
Debt servicing - loan payable to Alberta Capital Finance Authority	(41,448)	(40,410)
Amount of debt servicing limit unused	\$ 606,389	\$ 630,172

The debt limit is calculated as 1.5 times revenue of the Town 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 Town. Rather, the consolidated financial statements must be interpreted as a whole.



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

12. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Land	\$ 2,404,317	\$ -	\$ 2,404,317	\$ 2,429,555
Land improvements	960,066	422,373	537,693	280,586
Buildings	878,714	453,439	425,275	473,361
Engineered structures	33,675,257	3,840,552	29,834,705	30,249,629
Equipment	1,655,761	1,069,165	586,596	604,943
Motor vehicles	1,366,027	573,667	792,360	928,202
Construction in progress	116,732	-	116,732	116,732
	\$ 41,056,874	\$ 6,359,196	\$ 34,697,678	\$ 35,083,008

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	2021	2020
Tangible capital assets (<i>Note 12</i>)	\$ 41,056,874	\$ 40,790,115
Accumulated amortization (<i>Note 12</i>)	(6,359,196)	(5,707,107)
Long-term debt used to acquire tangible capital assets (<i>Note 10</i>)	(772,191)	(892,601)
	\$ 33,925,487	\$ 34,190,407

14. ACCUMULATED SURPLUS

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

	2021	2020
Unrestricted surplus (deficit)	\$ -	\$ -
Restricted surplus		
Operating reserves (<i>Note 15</i>)	1,221,665	729,790
Capital reserves (<i>Note 15</i>)	966,525	1,044,350
Equity in Aquatera Utilities Inc. (<i>Note 5</i>)	693,458	632,922
Equity in tangible capital assets (<i>Note 13</i>)	33,925,487	34,190,407
	\$ 36,807,135	\$ 36,597,469



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

15. RESERVES

Council has set aside funds as an internal allocation of accumulated surplus as follows:

	Balance Beginning	Additions	Reductions	Ending balance
Operating reserves:				
General administration	\$ 547,022	\$ 401,446	\$ -	\$ 948,468
Fire department	-	78,314	(5,609)	72,705
Water and wastewater	75,000	-	-	75,000
West Grande Prairie County Solid Waste Management Authority	107,768	17,724	-	125,492
	<u>729,790</u>	<u>497,484</u>	<u>(5,609)</u>	<u>1,221,665</u>
Capital reserves:				
Roads	100,000	-	-	100,000
Subdivisions	426,814	-	-	426,814
Recreation and cultural services	7,924	-	-	7,924
Parks	125,653	-	(76,714)	48,939
Fire department	68,314	10,000	(78,314)	-
West Grande Prairie County Solid Waste Management Authority	315,645	67,203	-	382,848
	<u>1,044,350</u>	<u>77,203</u>	<u>(155,028)</u>	<u>966,525</u>
	<u>\$ 1,774,140</u>	<u>\$ 574,687</u>	<u>\$ (160,637)</u>	<u>\$ 2,188,190</u>



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

16. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for Municipal officials, the Chief Administrative Officer and designated officers as required by Alberta Regulation 313/00 is as follows:

	Salary (1)	Benefits and Allowances (2)	2021	2020
<u>Mayor:</u>				
C. Turnmire	\$ 16,650	\$ -	\$ 16,650	\$ 20,000
K. Peterson	16,800	-	16,800	10,450
<u>Section heading</u>				
C. Gundersen	-	-	-	10,454
T. Johnson	5,750	-	5,750	3,150
S. McCallum	9,250	-	9,250	10,600
S. Baker	2,650	105	2,755	-
T. Skinner	3,400	195	3,595	-
B. Ward	3,500	533	4,033	-
A. Underwood	14,950	311	15,261	12,400
J. Guimond	5,600	-	5,600	8,927
 Chief Administrative Officer				
Noreen Zhang	114,865	17,903	132,768	127,373
	\$ 193,415	\$ 19,047	\$ 212,462	\$ 203,354

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honorarium and any other direct cash remuneration.
- (2) Benefits include the employer's shares of all employee benefits and contributions or payments made on behalf of employees including health care, dental coverage, group insurance, accidental disability and dismemberment insurance, registered retirement savings plan contributions, professional memberships fees and tuition fee reimbursements.



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

17. GOVERNMENT PARTNERSHIPS

The consolidated financial statements include the accounts of the Town and its proportionate share of its government partnerships. The Town entered into a government partnership to provide landfill disposal services to the Town and surrounding area.

The Town has a 15% interest in the West Grande Prairie County Solid Waste Management Authority, which is accounted for using the proportionate consolidation method in accordance with Section 3060 of the Public Sector Accounting Handbook.

The following provides condensed supplementary information for the Town's proportionate share of the West Grande Prairie County Solid Waste Management Authority:

	2021	2020
Financial assets	\$ 543,087	\$ 495,524
Tangible capital assets	292,487	312,881
	\$ 835,574	\$ 808,405
Financial liabilities	\$ 29,645	\$ 67,010
Accumulated surplus	805,929	741,395
	\$ 835,574	\$ 808,405
Revenue	\$ 127,837	\$ 125,453
Expenditures	(63,305)	(138,268)
Excess of revenue over expenditures	\$ 64,532	\$ (12,815)



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

18. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town of Wembley participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pension Plans Act. The Plan serves more than 275,000 people and over 420 employers. It is financed by employer and employee contributions and 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 Wembley is required to make current service contributions to the Plan of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canadian Pension Plan and 13.84% on the excess.

Employees of the Town of Wembley are required to make current service contributions of 8.39% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.84% on the excess.

Total current service contributions by the Town of Wembley to the Local Authorities Pension Plan in 2021 were \$76,391 (2020 - \$73,421). Total current service contributions by the employees of the Town of Wembley to the Local Authorities Pension Plan in 2021 were \$68,899 (2020 - \$66,377).

At December 31, 2020, the Plan disclosed an actuarial surplus of \$4.96 billion (2019 - \$7.91 billion actuarial surplus).

19. CONTINGENT LIABILITIES

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

The Town of Wembley has agreed to guarantee a loan on behalf of the Wembley and District Agricultural Society in the amount of \$430,000 to assist in the Society's renovations to the Rec-Plex situated in Wembley. The terms of repayment are not to exceed 20 years with equal payments made at least annually at an interest rate not to exceed 10% per annum. Any loan principal and interest that may be required to be paid by the Town of Wembley is to be funded from reserves, surplus or general taxation.



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

20. FINANCIAL INSTRUMENTS

Credit Risk

Credit risk arises from the potential that a customer will fail to perform its obligations. The Town is exposed to credit risk from customers. In order to reduce its credit risk, the Town conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based on factors surrounding the credit risk of specific accounts, historical trends and other information.

The two most significant sources of revenue for the Town are property taxes and government transfers. The Town has a significant number of taxpayers which minimizes concentration of credit risk. No one taxpayer makes up a significant portion of such revenue. The majority of government transfers are received from the provincial and federal government agencies. Due to the nature of these payers, the Town is not exposed to significant credit risk on such transactions.

Fair Value

The Town's carrying values of cash and temporary investments, taxes and grants in lieu of taxes receivable, trade and other receivables, amounts due from the County of Grande Prairie No. 1, investments and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term maturity and the nature of these instruments.

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Town manages exposure through its normal operating and financing activities. The Town is exposed to interest rate risk primarily through its floating interest rate bank indebtedness, bank operating loan and credit facilities as disclosed in Note 6.



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

21. RECONCILIATION OF OPERATING RESULTS TO FINANCIAL RESULTS

Previous to 2011, the Town's financial statements were prepared based on a previous accounting standard which tracked all municipal activities including capital projects and reserves for future use. The reconciliation below to encompass these items is provided for information purposes only to provide users with supplementary comparative information. It should not be used as a replacement for the consolidated statement of financial activities and accumulated surplus and users should note that this information may not be appropriate for their purposes.

	Budget	2021	2020
Excess (deficiency) of revenue over expenditures, per consolidated financial statements	\$ -	\$ 209,666	\$ (112,811)
Add back:			
Amortization of tangible capital assets	-	750,798	725,460
Repayment of long-term debt used to purchase capital assets	-	-	119,398
Disposal of tangible capital assets	-	206,672	1,325,765
Deduct:			
Increase in equity in Aquatera Utilities Inc.	-	(60,536)	(186,782)
Net transfers to operating reserves	-	(496,373)	(440,765)
Repayment of long-term debt used to purchase capital assets	-	(120,410)	(119,398)
Current year funds used for tangible capital assets	-	(122,751)	(11,748)
Government transfers for capital	-	(367,066)	(1,299,119)
Results of operations - previous method	\$ -	\$ -	\$ -



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2021

22. SEGMENTED DISCLOSURE

The Town of Wembley is a diversified municipal government that provides a wide range of services to its citizens. The schedule of Segmented Disclosure (Schedule 5) has been prepared in accordance with PS 2700 Segmented Disclosures and is intended to help users of the consolidated financial statements identify the resources allocated to support major activities of the Town and allow users to make more informed judgments regarding the government reporting entity.

Segmented information has been identified based on functional activities provided by the Town. For each reported segment, revenues and expenses represent amounts that are directly attributable to the segments and amounts that are allocated on a reasonable basis. The functional areas that have been separately disclosed in the segmented information, along with services they provide are as follows:

General Government

General Government is comprised of Council, Town Manager, Corporate Communications, Information Technology, Financial Services, Assessment and Taxation, Procurement, Human Resources, Legislative Services, Insurance and Risk Management, Organizational Efficiency and other corporate functions that provide for the overall operation of the Town.

Protective Services

Protective Services is comprised of Fire, Police, Emergency Management, Bylaw Enforcement, Business Licenses, Animal Control and Building Inspections.

Transportation Services

Transportation Services is comprised of Engineering Services, Roads, Signs, Grass and Fuel.

Planning and Development

Planning and Development is comprised of Economic Development, Municipal Planning and Land Development.

Community Development

Community Development is comprised of Family and Community Support Services, Cemetery and other community supports.

Recreation and Culture

Recreation and Culture is comprised of Parks Operations, Arenas, Parks and Recs, Training and Schools, Hall and other activities related to providing recreational and cultural opportunities in the Town.

