

TOWN OF WEMBLEY
Consolidated Financial Statements
December 31, 2017



TOWN OF WEMBLEY
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Year Ended December 31, 2017

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Town of Wembley, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of financial activities and accumulated surplus, changes in net financial assets and changes in financial position for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Wembley as at December 31, 2017 and the results of its financial activities, changes in its financial assets and changes in its financial position for the year then ended in accordance with Canadian public sector accounting standards.

Fletcher Mudryk & LLP

Grande Prairie, Alberta
April 24, 2018

Chartered Professional Accountants

TOWN OF WEMBLEY
Consolidated Statement of Financial Position
December 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 6,176,088	\$ 879,439
Taxes and grants in lieu of taxes receivable <i>(Note 3)</i>	251,970	216,988
Trade and other receivables <i>(Note 4)</i>	207,422	268,586
Due from County of Grande Prairie No. 1	30,844	17,930
Investments <i>(Note 5)</i>	1,058	1,058
	6,667,382	1,384,001
FINANCIAL LIABILITIES		
Bank indebtedness <i>(Note 6)</i>	42,332	-
Accounts payable and accrued liabilities <i>(Note 7)</i>	194,597	169,006
Deposit liabilities	20,720	20,825
Deferred revenue <i>(Note 8)</i>	5,383,971	295,389
Deferred sales and user charges	92,171	59,389
Provision for landfill closure and post-closure costs <i>(Note 9)</i>	8,307	17,718
	5,742,098	562,327
NET FINANCIAL ASSETS	925,284	821,674
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 11)</i>	13,793,126	13,136,685
Prepaid expenses	39,462	42,402
	13,832,588	13,179,087
NET ASSETS	\$ 14,757,872	\$ 14,000,761
 CONTINGENT LIABILITIES <i>(Note 18)</i>		
 ACCUMULATED SURPLUS <i>(Schedule 1, Note 13)</i>		
	\$ 14,757,872	\$ 14,000,761

ON BEHALF OF THE BOARD

_____ *Councillor*

_____ *Councillor*

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Statement of Financial Activities and Accumulated Surplus
Year Ended December 31, 2017

	<i>Budget</i> 2017 <i>(Unaudited)</i>	2017	2016
REVENUE			
Net municipal property taxes <i>(Schedule 2)</i>	\$ 1,285,363	\$ 1,286,862	\$ 1,141,913
Government transfers for operating <i>(Schedule 3)</i>	212,463	142,583	123,249
User fees and sales of goods	756,460	995,644	841,390
Interest and investment income	13,263	14,659	14,098
Penalties and costs of taxes	105,500	84,010	102,178
Franchise and concession contracts	152,000	164,243	143,497
Fines, rentals, licences and permits	49,919	55,291	48,998
	<u>2,574,968</u>	<u>2,743,292</u>	<u>2,415,323</u>
EXPENDITURES			
Council and other legislative services	76,100	80,986	85,342
Administrative services	550,452	488,050	497,851
Protective services	299,756	392,209	335,814
Transportation services	692,900	962,842	1,000,900
Water and wastewater services	395,440	563,578	716,263
Garbage collection and disposal services	213,671	202,264	188,199
Family and community support services	94,994	103,203	100,840
Planning and development services	17,400	12,739	15,793
Recreation and cultural services	216,750	201,771	188,969
	<u>2,557,463</u>	<u>3,007,642</u>	<u>3,129,971</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES BEFORE THE FOLLOWING	<u>17,505</u>	<u>(264,350)</u>	<u>(714,648)</u>
OTHER ITEMS			
Loss on disposal of tangible capital assets	-	(20,808)	(3,899)
Government transfers for capital <i>(Schedule 3)</i>	536,800	1,042,269	767,985
	<u>536,800</u>	<u>1,021,461</u>	<u>764,086</u>
EXCESS OF REVENUE OVER EXPENDITURES	554,305	757,111	49,438
ACCUMULATED SURPLUS, BEGINNING	<u>14,000,761</u>	<u>14,000,761</u>	<u>13,951,323</u>
ACCUMULATED SURPLUS, ENDING	<u>\$ 14,555,066</u>	<u>\$ 14,757,872</u>	<u>\$ 14,000,761</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2017

	<i>Budget 2017 (Unaudited)</i>	2017	2016
EXCESS OF REVENUE OVER EXPENDITURES	\$ 554,305	\$ 757,111	\$ 49,438
Acquisition of tangible capital assets	(559,930)	(1,165,456)	(942,964)
Proceeds on disposal of tangible capital assets	-	18,265	1
Amortization of tangible capital assets	26,250	469,941	458,839
Loss on disposal of tangible capital assets	-	20,808	3,899
	<u>(533,680)</u>	<u>(656,442)</u>	<u>(480,225)</u>
Acquisition of prepaid assets	-	(39,461)	(42,405)
Use of prepaid assets	-	42,402	37,342
	<u>-</u>	<u>2,941</u>	<u>(5,063)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	20,625	103,610	(435,850)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	821,674	821,674	1,257,524
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 842,299</u>	<u>\$ 925,284</u>	<u>\$ 821,674</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Statement of Changes in Financial Position
Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 757,111	\$ 49,438
Items not affecting cash:		
Amortization of tangible capital assets	469,941	458,839
Loss on disposal of tangible capital assets	20,808	3,899
Provision for landfill closure and post-closure	(9,411)	1,713
	<u>1,238,449</u>	<u>513,889</u>
Changes in non-cash working capital:		
Taxes and grants in lieu of taxes receivable	(34,982)	(45,935)
Trade and other receivables	61,164	(45,182)
Due from County of Grande Prairie No. 1	(12,914)	(9,035)
Accounts payable and accrued liabilities	25,592	(98,648)
Deposit liabilities	(105)	175
Deferred revenue	5,088,581	157,695
Prepaid expenses	2,940	(5,060)
Deferred sales and user charges	32,783	59,389
	<u>5,163,059</u>	<u>13,399</u>
Cash from operating activities	<u>6,401,508</u>	<u>527,288</u>
CAPITAL ACTIVITY		
Acquisition of tangible capital assets	(1,165,456)	(942,965)
Proceeds on disposal of tangible capital assets	18,265	1
Cash used by capital activity	<u>(1,147,191)</u>	<u>(942,964)</u>
INCREASE (DECREASE) IN CASH	5,254,317	(415,676)
CASH AND TEMPORARY INVESTMENTS - BEGINNING OF YEAR	<u>879,439</u>	<u>1,295,115</u>
CASH AND TEMPORARY INVESTMENTS - END OF YEAR	\$ 6,133,756	\$ 879,439

Please see accompanying notes to financial statements



TOWN OF WEMBLEY

Consolidated Changes in Accumulated Surplus

(Schedule 1)

Year Ended December 31, 2017

	Unrestricted Surplus (Deficit)	Restricted Surplus	Equity in Tangible Capital Assets	2017	2016
				\$	\$
BALANCE, BEGINNING OF YEAR	\$ -	\$ 864,076	\$ 13,136,685	\$ 14,000,761	\$ 13,951,323
Excess of revenue over expenditures	757,111	-	-	757,111	49,438
Unrestricted funds designated for future use	(155,717)	155,717	-	-	-
Restricted funds used for tangible capital assets	-	(55,047)	55,047	-	-
Current year funds used for tangible capital assets	(68,141)	-	68,141	-	-
Government transfers for tangible capital assets	(1,042,269)	-	1,042,269	-	-
Disposal of tangible capital assets	39,075	-	(39,075)	-	-
Amortization of tangible capital assets	469,941	-	(469,941)	-	-
Change in accumulated surplus	-	100,670	656,441	757,111	49,438
BALANCE, END OF YEAR	\$ -	\$ 964,746	\$ 13,793,126	\$ 14,757,872	\$ 14,000,761

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Property and Other Taxes
Year Ended December 31, 2017

(Schedule 2)

	<i>Budget 2017 (Unaudited)</i>	2017	2016
Taxation			
Real property taxes	\$ 1,777,590	\$ 1,748,512	\$ 1,581,263
Linear property taxes	-	30,577	27,513
	<u>1,777,590</u>	<u>1,779,089</u>	<u>1,608,776</u>
Deduct: requisitions			
Alberta School Foundation Fund	484,711	484,711	460,084
Senior Foundation	7,516	7,516	6,779
	<u>492,227</u>	<u>492,227</u>	<u>466,863</u>
Net municipal property taxes	<u>\$ 1,285,363</u>	<u>\$ 1,286,862</u>	<u>\$ 1,141,913</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Government Transfers
Year Ended December 31, 2017

(Schedule 3)

	<i>Budget 2017 (Unaudited)</i>	2017	2016
Government transfers for operating			
Provincial government	\$ 136,041	\$ 68,441	\$ 72,343
Other local governments	76,422	74,142	50,906
	212,463	142,583	123,249
Government transfers for capital			
Provincial government	536,800	1,017,269	657,985
Other local governments	-	25,000	110,000
	536,800	1,042,269	767,985
	\$ 749,263	\$ 1,184,852	\$ 891,234

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Expenditures by Object
Year Ended December 31, 2017

(Schedule 4)

	<i>Budget 2017 (Unaudited)</i>	2017	2016
EXPENDITURES			
Salaries, wages and benefits	\$ 1,235,585	\$ 1,266,109	\$ 1,232,446
Contracted and general services	809,636	790,978	914,343
Purchases from other governments	16,650	16,870	16,398
Materials, goods, supplies and utilities	423,272	416,325	454,668
Transfers to individuals and organizations	44,870	46,320	51,430
Bank charges and short-term interest	1,200	1,099	1,847
Amortization of tangible capital assets	26,250	469,941	458,839
	<u>\$ 2,557,463</u>	<u>\$ 3,007,642</u>	<u>\$ 3,129,971</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

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 proportionate share of the financial activities of the West Grande Prairie County Solid Waste Management Authority.

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.

Government transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the eligibility criteria have been met and a reasonable estimate of the amounts can be made.

Investments

Investments are recorded at cost.

(continues)



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

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

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.

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.

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.

(continues)



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

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

Landfill closure and post-closure liability

Pursuant to the Alberta Environment Protection & 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. It should be noted that the budget was prepared in accordance with accounting policies in place prior to transition to accounting for tangible assets. 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.

2. CASH AND TEMPORARY INVESTMENTS

	2017	2016
Cash on hand and in banks	\$ 74,450	\$ 194,562
Savings accounts	5,831,623	461,248
West Grande Prairie County Solid Waste Management Authority temporary investments	270,015	223,629
	\$ 6,176,088	\$ 879,439

Savings accounts bear interest at prime minus 1.90% per annum.

Included in cash are restricted amounts aggregating \$5,383,972 (2016 - \$295,389) to be used for specific capital and other projects as disclosed in Note 8 and \$8,307 (2016 - \$17,718) to be used for the West Grande Prairie County Solid Waste Management Authority landfill closure and post-closure liabilities as disclosed in Note 9.



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2017	2016
Current taxes and grants in lieu	\$ 194,115	\$ 168,779
Tax arrears	57,855	48,209
	\$ 251,970	\$ 216,988

4. TRADE AND OTHER RECEIVABLES

	2017	2016
Grants receivable	\$ 30,533	\$ 175,402
Trade and other receivables	164,080	84,560
Receivable from other governments	12,809	8,624
	\$ 207,422	\$ 268,586

5. INVESTMENTS

	2017	2016
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
	\$ 1,058	\$ 1,058

6. BANK INDEBTEDNESS

The ATB Financial credit facility encompasses a revolving demand loan to a maximum of \$390,000. The loan bears interest at the bank prime rate minus 0.25% and is secured by a general security agreement. At December 31, 2017, \$347,668 of the revolving demand loan was unused.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Regular trade payables	\$ 139,786	\$ 140,193
Capital project payables	54,811	28,813
	\$ 194,597	\$ 169,006



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

8. DEFERRED REVENUE

	2017	2016
Provincial capital grants	\$ 5,376,672	\$ 288,177
Skateboard park capital grant	7,299	7,212
	\$ 5,383,971	\$ 295,389

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

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.

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 3.164% and assuming annual inflation of 2%.

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 952,000 cubic meters. The estimated remaining capacity of the landfill site is 770,174 (2016 - 781,835) cubic meters. The existing landfill site is expected to reach capacity in approximately the year 2092.

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.

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

Estimated closure costs	\$ 38,426
Estimated post-closure costs	5,067
Estimated total costs	43,493
Amount accrued to December 31, 2017	(8,307)
Balance of estimated costs to accrue	\$ 35,186



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

10. 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:

	2017	2016
Total debt limit	\$ 4,114,938	\$ 3,622,985
Bank indebtedness	(42,332)	-
Amount of debt limit unused	\$ 4,072,606	\$ 3,622,985
Debt servicing limit	\$ 685,823	\$ 603,831

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.

11. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 2,432,538	\$ -	\$ 2,432,538	\$ 2,432,538
Land improvements	651,663	296,815	354,848	203,234
Buildings	931,783	401,689	530,094	549,214
Equipment	1,602,593	999,113	603,480	578,941
Motor vehicles	695,820	273,861	421,959	484,462
Engineered structures	13,922,003	5,101,776	8,820,227	8,826,440
Construction in progress	629,980	-	629,980	61,856
	\$ 20,866,380	\$ 7,073,254	\$ 13,793,126	\$ 13,136,685

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	2017	2016
Tangible capital assets (<i>Note 11</i>)	\$ 20,866,380	\$ 19,857,222
Accumulated amortization (<i>Note 11</i>)	(7,073,254)	(6,720,537)
	\$ 13,793,126	\$ 13,136,685



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

13. ACCUMULATED SURPLUS

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

	2017	2016
Unrestricted surplus	\$ -	\$ -
Restricted surplus		
Operating reserves (Note 14)	230,806	119,459
Capital reserves (Note 14)	733,940	744,617
Equity in tangible capital assets (Note 12)	13,793,126	13,136,685
	\$ 14,757,872	\$ 14,000,761

14. RESERVES

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

	Balance Beginning	Additions	Reductions	Balance Closing
Operating reserves:				
General operating reserve	\$ -	\$ 70,189	\$ -	\$ 70,189
Water	75,000	-	-	75,000
West Grande Prairie County Solid Waste Management Authority	44,459	41,158	-	85,617
	119,459	111,347	-	230,806
Capital reserves:				
Common services equipment replacement	9,514	-	-	9,514
Roads	100,000	-	-	100,000
Subdivisions	278,836	-	-	278,836
Recreation and cultural services	7,924	-	-	7,924
Parks	171,526	14,048	(54,914)	130,660
West Grande Prairie County Solid Waste Management Authority	176,817	30,322	(133)	207,006
	744,617	44,370	(55,047)	733,940
	\$ 864,076	\$ 155,717	\$ (55,047)	\$ 964,746



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

15. 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)	2017	2016
<u>Mayor:</u>				
C. Turnmire	\$ 20,700	\$ 140	\$ 20,840	\$ 19,350
<u>Councillors:</u>				
J. Anaka	2,550	-	2,550	6,600
C. Gundersen	2,550	-	2,550	-
C. Holler	6,400	-	6,400	9,400
T. Johnson	7,650	192	7,842	7,950
T. Jones	-	-	-	8,350
S. McCallum	7,650	983	8,633	300
N. McDonald	2,400	-	2,400	-
M. Moncrieff	6,350	80	6,430	8,950
R. Robichaud	4,400	-	4,400	3,900
A. Underwood	10,550	60	10,610	400
Chief Administrative Officer	137,700	24,195	161,895	158,479
	\$ 208,900	\$ 25,650	\$ 234,550	\$ 223,679

- (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 share of all employee benefits and contributions or payments made on behalf of employees including health care, dental coverage, group life insurance, accidental disability and dismemberment insurance, registered retirement savings plan contributions, professional membership fees and tuition fee reimbursements.



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

16. 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:

	2017	2016
Financial assets	\$ 313,668	\$ 250,783
Tangible capital assets	373,146	404,657
	\$ 686,814	\$ 655,440
Financial liabilities	\$ 15,797	\$ 23,883
Accumulated surplus	671,017	630,957
	\$ 686,814	\$ 654,840
Revenue	\$ 117,833	\$ 83,586
Expenditures	(89,250)	(72,378)
Excess of revenue over expenditures	\$ 28,583	\$ 11,208



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

17. 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 about 253,850 people and 417 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canadian Pension Plan and 15.84% on the excess. Employees of the Town of Wembley are required to make current service contributions of 10.39% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on the excess.

Total current service contributions by the Town of Wembley to the Local Authorities Pension Plan in 2017 were \$110,340 (2016 - \$96,291). Total current service contributions by the employees of the Town of Wembley to the Local Authorities Pension Plan in 2017 were \$101,661 (2016 - \$88,714).

At December 31, 2016, the Plan disclosed an actuarial deficiency of \$637 million (2015 - \$923 million).

LAPP has announced that employee and employer contribution rates will decrease by 1% effective January 1, 2018.

18. 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 \$300,000 to assist in the Society's renovations to the Rec-Plex situated in Wembley. The terms of repayment are not to exceed 15 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
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19. 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 payors, 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 operating loan and credit facilities.



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
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20. RECONCILIATION OF OPERATING RESULTS TO FINANCIAL RESULTS

Previous to 2011, the Town's budget was 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	2017	2016
Excess of revenue over expenditures, per consolidated financial statements	\$ 554,305	\$ 757,111	\$ 49,438
Add back:			
Amortization of tangible capital assets	26,250	469,941	458,839
Net transfers from (to) operating reserves	178,363	(155,717)	402,897
Net transfers from (to) capital reserves	79,000	-	-
Deduct:			
Disposal of tangible capital assets	-	39,075	3,899
Current year funds used for tangible capital assets	(23,130)	(68,141)	(147,088)
Government transfers for capital	(536,800)	(1,042,269)	(767,985)
Results of operations - previous method	\$ 277,988	\$ -	\$ -

21. TRANSFER OF WATER SYSTEM

The Town intends to enter into an agreement with Aquatera Utilities to transfer ownership of its water systems excluding wastewater treatment plants in exchange for ownership in the utility provider effective January 1, 2019.

22. CONSTRUCTION OF REGIONAL WATER TRANSMISSION LINE

The Town is currently constructing a regional water transmission line from Grande Prairie to Wembley. The estimated cost of the project is \$27.6m and will be funded by grant funds of \$9.0m from Infrastructure Canada's Clean Water and \$9.5m from Alberta Environment and Parks' Water for Life program. The Town intends to apply for additional funding through these programs. Upon completion of the project, the Town intends to transfer ownership of the water transmission line to Aquatera Utilities Inc. in exchange for shares.

23. COMPARATIVE FIGURES

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

24. APPROVAL OF FINANCIAL STATEMENTS

Council has approved these consolidated financial statements.

