

TOWN OF WEMBLEY
Consolidated Financial Statements
December 31, 2019



TOWN OF WEMBLEY
Index to Consolidated Financial Statements
Year Ended December 31, 2019

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	3
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Financial Activities and Accumulated Surplus	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Changes in Financial Position	7
Consolidated Changes in Accumulated Surplus <i>(Schedule 1)</i>	8
Consolidated Property and Other Taxes <i>(Schedule 2)</i>	9
Consolidated Government Transfers <i>(Schedule 3)</i>	10
Consolidated Expenditures by Object <i>(Schedule 4)</i>	11
Notes to Consolidated Financial Statements	12 - 25





INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of Town of Wembley (the Town), which comprise the consolidated statement of financial position as at December 31, 2019, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2019, and the results of its operations, change in net financial assets and changes in financial position 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.

(continues)

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.

Grande Prairie, Alberta
April 14, 2020

Fletcher Moody & LLP

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, 2019 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Town Council carries out its responsibilities for review of the consolidated financial statements principally through its 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 14, 2020



Noreen Zhang
Chief Administrative Officer
Town of Wembley

TOWN OF WEMBLEY
Consolidated Statement of Financial Position
December 31, 2019

	2019	2018 <i>(Restated - Note 24)</i>
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 6,405,317	\$ 2,317,804
Taxes and grants in lieu of taxes receivable <i>(Note 3)</i>	202,384	231,728
Trade and other receivables <i>(Note 4)</i>	273,534	4,603,309
Due from County of Grande Prairie No. 1	63,100	92,965
Land held for resale	47,623	35,438
Investments <i>(Note 5)</i>	447,198	1,058
	7,439,156	7,282,302
FINANCIAL LIABILITIES		
Bank indebtedness <i>(Note 6)</i>	-	492,801
Accounts payable and accrued liabilities <i>(Note 7)</i>	2,735,344	5,499,067
Deposit liabilities	127,070	140,685
Deferred revenue <i>(Note 8)</i>	2,109,327	192,979
Deferred sales and user charges	123,577	112,736
Provision for landfill closure and post-closure costs <i>(Note 9)</i>	41,920	7,254
Long-term debt <i>(Note 11)</i>	1,011,999	381,999
	6,149,237	6,827,521
NET FINANCIAL ASSETS	1,289,919	454,781
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 12)</i>	35,372,499	28,707,220
Prepaid expenses	47,862	40,811
	35,420,361	28,748,031
NET ASSETS	\$ 36,710,280	\$ 29,202,812
COMMITMENTS AND CONTINGENT LIABILITIES <i>(Note 19)</i>		
ACCUMULATED SURPLUS <i>(Schedule 1, Note 14)</i>	\$ 36,710,280	\$ 29,202,812

ON BEHALF OF TOWN COUNCIL

 _____ Councillor
 _____ Councillor

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Statement of Financial Activities and Accumulated Surplus
Year Ended December 31, 2019

	<i>Budget</i> 2019 <i>(Unaudited)</i>	2019	2018 <i>(Restated - Note 24)</i>
REVENUE			
Net municipal property taxes <i>(Schedule 2)</i>	\$ 1,601,629	\$ 1,636,268	\$ 1,431,770
User fees and sales of goods	453,765	464,773	860,733
Franchise and concession contracts	175,600	192,235	150,218
Government transfers for operating <i>(Schedule 3)</i>	148,555	173,927	313,736
Penalties and costs of taxes	80,000	81,629	97,600
Fines, rentals, licences and permits	43,639	43,330	47,298
Interest and investment income	5,400	59,943	22,133
	<u>2,508,588</u>	<u>2,652,105</u>	<u>2,923,488</u>
EXPENDITURES			
Council and other legislative services	86,500	90,174	102,924
Administrative services	629,730	536,877	654,090
Protective services	380,037	448,243	434,003
Transportation services	861,100	1,073,566	1,059,251
Water and wastewater services	134,925	296,428	530,445
Garbage collection and disposal services	151,313	268,164	213,688
Family and community support services	96,995	100,493	97,251
Planning and development services	53,677	27,538	31,284
Recreation and cultural services	255,530	225,702	232,474
	<u>2,649,807</u>	<u>3,067,185</u>	<u>3,355,410</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES BEFORE THE FOLLOWING	<u>(141,219)</u>	<u>(415,080)</u>	<u>(431,922)</u>
OTHER ITEMS			
Gain on disposal of tangible capital assets	215,000	11,567	2,275
Tangible capital assets transferred to Aquatera Utilities Inc. <i>(Note 5)</i>	-	(3,636,841)	-
Government transfers for capital <i>(Schedule 3)</i>	-	11,506,288	14,874,587
Accrued share of subsidiary income - Aquatera Utilities Inc.	-	41,534	-
	<u>215,000</u>	<u>7,922,548</u>	<u>14,876,862</u>
EXCESS OF REVENUE OVER EXPENDITURES	73,781	7,507,468	14,444,940
ACCUMULATED SURPLUS, BEGINNING OF YEAR <i>(Schedule 1)</i>	<u>29,202,812</u>	<u>29,202,812</u>	<u>14,757,872</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 29,276,589</u>	<u>\$ 36,710,280</u>	<u>\$ 29,202,812</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2019

	<i>Budget</i> 2019 <i>(Unaudited)</i>	2019	2018 <i>(Restated - Note 24)</i>
EXCESS OF REVENUE OVER EXPENDITURES	\$ 73,781	\$ 7,507,468	\$ 14,444,940
Acquisition of tangible capital assets	-	(11,355,818)	(15,387,294)
Proceeds on disposal of tangible capital assets	-	524,529	2,923
Amortization of tangible capital assets	-	540,736	472,553
Gain on disposal of tangible capital assets	-	(11,567)	(2,275)
Tangible capital assets transferred to Aquatera Utilities Inc.	-	3,636,841	-
	-	(6,665,279)	(14,914,093)
Acquisition of prepaid assets	-	(47,862)	(40,811)
Use of prepaid assets	-	40,811	39,461
	-	(7,051)	(1,350)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	73,781	835,138	(470,503)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	454,781	454,781	925,284
NET FINANCIAL ASSETS, END OF YEAR	\$ 528,562	\$ 1,289,919	\$ 454,781

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Statement of Changes in Financial Position
Year Ended December 31, 2019

	2019	2018 <i>(Restated - Note 24)</i>
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 7,507,468	\$ 14,444,940
Items not affecting cash:		
Amortization of tangible capital assets	540,736	472,553
Gain on disposal of tangible capital assets	(11,567)	(2,275)
Tangible capital assets transferred to Aquatera Utilities Inc.	3,636,841	-
Provision for landfill closure and post-closure	34,666	(1,053)
	<u>11,708,144</u>	<u>14,914,165</u>
Changes in non-cash working capital:		
Taxes and grants in lieu of taxes receivable	29,344	20,242
Trade and other receivables	4,329,775	(4,395,887)
Due from County of Grande Prairie No. 1	29,865	(62,121)
Land held for resale	(12,185)	(35,438)
Accounts payable and accrued liabilities	(2,763,721)	5,304,470
Deposit liabilities	(13,615)	119,965
Deferred revenue	1,916,348	(5,190,992)
Deferred sales and user charges	10,841	20,564
Prepaid expenses	(7,051)	(1,349)
	<u>3,519,601</u>	<u>(4,220,546)</u>
Cash from operating activities	<u>15,227,745</u>	<u>10,693,619</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(11,355,818)	(15,387,294)
Proceeds on disposal of tangible capital assets	524,527	2,923
Investment in Aquatera Utilities Inc.	(446,140)	-
Cash used by capital activities	<u>(11,277,431)</u>	<u>(15,384,371)</u>
FINANCING ACTIVITIES		
Loan advanced from County of Grande Prairie No. 1	-	381,999
Repayment of County of Grande Prairie No. 1 loan	(80,000)	-
Proceeds from long-term debt financing	710,000	-
Cash from financing activities	<u>630,000</u>	<u>381,999</u>
INCREASE (DECREASE) IN CASH	4,580,314	(4,308,753)
CASH AND TEMPORARY INVESTMENTS - BEGINNING OF YEAR	<u>1,825,003</u>	<u>6,133,756</u>
CASH AND TEMPORARY INVESTMENTS - END OF YEAR	<u>\$ 6,405,317</u>	<u>\$ 1,825,003</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY

Consolidated Changes in Accumulated Surplus

(Schedule 1)

Year Ended December 31, 2019

	Unrestricted Surplus (Deficit)	Restricted Surplus	Equity in Aquatera Utilities Inc.	Equity in Tangible Capital Assets	2019	2018 (Restated - Note 24)
BALANCE, BEGINNING OF YEAR	\$ -	\$ 919,068	\$ -	\$ 28,325,221	\$ 29,244,289	\$ 14,799,349
Prior period adjustment (Note 24)	(41,477)	-	-	-	(41,477)	(41,477)
BALANCE, BEGINNING OF YEAR, AS RESTATED	(41,477)	919,068	-	28,325,221	29,202,812	14,757,872
Excess of revenue over expenditures	\$ 7,507,468	\$ -	\$ -	\$ -	\$ 7,507,468	\$ 14,444,940
Unrestricted funds designated for future use	(279,012)	279,012	-	-	-	-
Restricted funds used for tangible capital assets	-	(4,440)	-	4,440	-	-
Tangible capital asset transfer agreement	3,636,841	-	404,606	(4,041,447)	-	-
Accrued share of subsidiary income	(41,534)	-	41,534	-	-	-
Government transfers for tangible capital assets	(11,506,288)	-	-	11,506,288	-	-
Disposal of tangible capital assets	103,266	-	-	(103,266)	-	-
Amortization of tangible capital assets	540,736	-	-	(540,736)	-	-
Repayment of long-term debt	80,000	-	-	(80,000)	-	-
Change in accumulated surplus	41,477	274,572	446,140	6,745,279	7,507,468	14,444,940
BALANCE, END OF YEAR	\$ -	\$ 1,193,640	\$ 446,140	\$ 35,070,500	\$ 36,710,280	\$ 29,202,812

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Property and Other Taxes
Year Ended December 31, 2019

(Schedule 2)

	<i>Budget</i> 2019 <i>(Unaudited)</i>	2019	2018
Taxation			
Real property taxes	\$ 2,119,459	\$ 2,122,072	\$ 1,896,216
Linear property taxes	-	35,609	31,050
	<u>2,119,459</u>	<u>2,157,681</u>	<u>1,927,266</u>
Deduct: requisitions			
Alberta School Foundation Fund	509,278	512,861	487,529
Senior Foundation	8,552	8,552	7,967
	<u>517,830</u>	<u>521,413</u>	<u>495,496</u>
Net municipal property taxes	<u>\$ 1,601,629</u>	<u>\$ 1,636,268</u>	<u>\$ 1,431,770</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Government Transfers
Year Ended December 31, 2019

(Schedule 3)

	<i>Budget</i> 2019 <i>(Unaudited)</i>	2019	2018
Government transfers for operating			
Provincial government	\$ 125,003	\$ 87,016	\$ 208,399
Other local governments	23,552	86,911	105,337
	<u>148,555</u>	<u>173,927</u>	<u>313,736</u>
Government transfers for capital			
Provincial government	-	7,731,264	12,813,486
Other local governments	-	3,775,024	2,061,101
	<u>-</u>	<u>11,506,288</u>	<u>14,874,587</u>
	<u>\$ 148,555</u>	<u>\$ 11,680,215</u>	<u>\$ 15,188,323</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Expenditures by Object
Year Ended December 31, 2019

(Schedule 4)

	<i>Budget</i> 2019 <i>(Unaudited)</i>	2019	2018 <i>(Restated - Note 24)</i>
EXPENDITURES			
Salaries, wages and benefits	\$ 1,279,492	\$ 1,155,023	\$ 1,365,141
Contracted and general services	799,473	901,280	925,324
Materials, goods, supplies and utilities	452,442	375,044	510,072
Transfers to individuals and organizations	70,420	70,465	58,470
Purchases from other governments	19,980	19,732	18,777
Interest on long-term debt	24,000	-	-
Bank charges and short-term interest	4,000	4,905	5,073
Amortization of tangible capital assets	-	540,736	472,553
	<u>\$ 2,649,807</u>	<u>\$ 3,067,185</u>	<u>\$ 3,355,410</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

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.

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.

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.

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.

(continues)



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

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, 2019

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

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. 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

	2019	2018
Cash on hand and in banks (overdraft)	\$ 1,021,700	\$ (288,578)
Savings accounts	5,004,555	2,325,320
West Grande Prairie County Solid Waste Management Authority temporary investments	379,062	281,062
	\$ 6,405,317	\$ 2,317,804

Savings accounts bear interest at 2.30% per annum.

Included in cash are restricted amounts aggregating \$3,550,279 (2018 - \$192,979) to be used for specific capital and other projects as disclosed in Note 8 and \$41,290 (2018 - \$7,245) 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, 2019

3. TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLE

	2019	2018
Current taxes and grants in lieu	\$ 150,975	\$ 203,252
Tax arrears	51,409	28,476
	\$ 202,384	\$ 231,728

4. TRADE AND OTHER RECEIVABLES

	2019	2018
Grants receivable	\$ -	\$ 3,767,563
Trade and other receivables	106,756	186,238
GST receivable	152,785	635,194
Receivable from other governments	13,993	14,314
	\$ 273,534	\$ 4,603,309

5. INVESTMENTS

	2019	2018
Aquatera Utilities Inc. - 0.31% ownership		
405 Class B common shares	\$ 4	\$ -
405 Class E preferred shares	404,602	-
Cumulative share of net earnings	41,534	-
Subtotal	446,140	-
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
	\$ 447,198	\$ 1,058

On January 1, 2019, the Town transferred water distribution system assets valued at \$404,606 to Aquatera Utilities Inc. and entered into a franchise agreement transferring the operation of water utilities. In exchange, the Town received 405 Class B common shares and 405 Class E preferred shares representing a 0.31% interest in Aquatera Utilities Inc. The Town's previous carrying value for its water distribution assets was \$4,041,447 and therefore recognized a loss of \$3,636,841 on the transfer of assets.

6. BANK INDEBTEDNESS

The ATB Financial credit facility encompasses a revolving demand loan to a maximum of \$590,000. The loan bears interest at the bank prime rate minus 0.25% and is secured by a general security agreement. At December 31, 2019, all of the revolving demand loan was unused.



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018 <i>(Restated - Note 24)</i>
Regular trade payables	\$ 107,705	\$ 159,893
Capital project payables	2,627,639	5,339,174
	\$ 2,735,344	\$ 5,499,067

8. DEFERRED REVENUE

	2019	2018
Municipal sustainability initiative grant	\$ 325,089	\$ 180,997
Federal gas tax fund grant	174,807	3,454
Alberta Municipal Water/Wastewater Partnership	883,268	-
Aquatera Utilities Inc. waterline funding	717,034	-
Regional collaboration grant	1,497	1,079
Skateboard park capital grant	7,632	7,449
	\$ 2,109,327	\$ 192,979

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



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

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 2.71% and assuming annual inflation of 2.1%.

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 1,133,384 (2018 - 762,974) cubic meters. The existing landfill site is expected to reach capacity in approximately 97 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	\$ 171,246
Estimated post-closure costs	<u>107,235</u>
Estimated post-closure costs	278,481
Amount accrued to December 31, 2019	<u>(41,920)</u>
Balance of estimated costs to accrue	<u>\$ 236,561</u>



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

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:

	2019	2018
Total debt limit	\$ 3,978,158	\$ 4,385,232
Bank indebtedness	-	(492,801)
Loan payable to County of Grande Prairie No. 1	(301,999)	(381,999)
Loan payable to Alberta Capital Finance Authority	(710,000)	-
	\$ 2,966,159	\$ 3,510,432
Debt servicing limit	\$ 663,026	\$ 722,092
Debt servicing - loan payable to County of Grande Prairie No. 1	(80,000)	(80,000)
Debt servicing - loan payable to Alberta Capital Finance Authority	(39,398)	-
	\$ 543,628	\$ 642,092

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. LONG-TERM DEBT

	2019	2018
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.	\$ 301,999	\$ 381,999
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.	710,000	-
	1,011,999	381,999
Amounts payable within one year	(119,398)	(80,000)
	\$ 892,601	\$ 301,999

Principal repayment terms are approximately:

2020	\$ 119,398
2021	120,410
2022	121,448
2023	104,511

(continues)



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

11. LONG-TERM DEBT *(continued)*

	2024	43,604
	Thereafter	502,628
		\$ 1,011,999

12. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Land	\$ 2,431,128	\$ -	\$ 2,431,128	\$ 2,432,538
Land improvements	666,492	348,645	317,847	340,848
Buildings	931,783	439,930	491,853	510,974
Engineered structures	35,680,147	4,423,335	31,256,812	9,311,895
Equipment	1,414,311	969,329	444,982	554,497
Motor vehicles	695,483	382,338	313,145	377,552
Construction in progress	116,732	-	116,732	15,178,916
	\$ 41,936,076	\$ 6,563,577	\$ 35,372,499	\$ 28,707,220

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	2019	2018
Tangible capital assets <i>(Note 12)</i>	\$ 41,936,076	\$ 36,226,734
Accumulated amortization <i>(Note 12)</i>	(6,563,577)	(7,519,514)
County of Grande Prairie No. 1 loan payable <i>(Note 11)</i>	(301,999)	(381,999)
	\$ 35,070,500	\$ 28,325,221

14. ACCUMULATED SURPLUS

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

	2019	2018
Unrestricted surplus (deficit)	\$ -	\$ (41,477)
Restricted surplus		
Operating reserves <i>(Note 15)</i>	400,939	158,264
Capital reserves <i>(Note 15)</i>	792,701	760,804
Equity in Aquatera Utilities Inc. <i>(Note 5)</i>	418,773	-
Equity in tangible capital assets <i>(Note 13)</i>	35,070,500	28,325,221
	\$ 36,682,913	\$ 29,202,812



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

15. RESERVES

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

	Balance Beginning	Additions	Reductions	Balance Closing
Operating reserves:				
General administration	\$ 37,604	\$ 164,986	\$ -	\$ 202,590
Water and wastewater	91	74,909	-	75,000
West Grande Prairie County Solid Waste Management Authority	120,569	2,780	-	123,349
	<u>158,264</u>	<u>242,675</u>	<u>-</u>	<u>400,939</u>
Capital reserves:				
Roads	100,000	-	-	100,000
Subdivisions	278,836	-	-	278,836
Recreation and cultural services	7,924	-	-	7,924
Dinosaur park	125,653	-	-	125,653
West Grande Prairie County Solid Waste Management Authority	248,391	36,337	(4,440)	280,288
	<u>760,804</u>	<u>36,337</u>	<u>(4,440)</u>	<u>792,701</u>
	<u>\$ 919,068</u>	<u>\$ 279,012</u>	<u>\$ (4,440)</u>	<u>\$ 1,193,640</u>



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

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)	2019	2018
<u>Mayor:</u>				
C. Turnmire	\$ 23,150	\$ 596	\$ 23,746	\$ 25,606
<u>Councillors:</u>				
C. Gundersen	11,400	-	11,400	10,788
T. Johnson	8,800	53	8,853	8,187
S. McCallum	9,200	-	9,200	8,948
N. McDonald	-	-	-	4,400
M. Moncrieff	2,150	42	2,192	3,900
R. Robichaud	-	-	-	4,400
A. Underwood	12,900	396	13,296	14,060
K. Peterson	3,650	-	3,650	-
J. Guimond	10,200	67	10,267	-
Chief Administrative Officer Lori Parker	94,409	5,025	99,434	163,804
Chief Administrative Officer Noreen Zhang	78,798	12,241	91,039	-
	\$ 254,657	\$ 18,420	\$ 273,077	\$ 244,093

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honorarium and any other direct cash remuneration.



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

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:

	2019	2018
Financial assets	\$ 456,155	\$ 388,341
Tangible capital assets	345,239	350,880
	\$ 801,394	\$ 739,221
Financial liabilities	\$ 47,185	\$ 13,908
Accumulated surplus	754,209	725,313
	\$ 801,394	\$ 739,221
Revenue	\$ 149,803	\$ 135,670
Expenditures	(120,905)	(80,792)
Excess of revenue over expenditures	\$ 28,898	\$ 54,878



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

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 2019 were \$80,208 (2018 - \$96,275). Total current service contributions by the employees of the Town of Wembley to the Local Authorities Pension Plan in 2019 were \$72,543 (2018 - \$88,009).

At December 31, 2018, the Plan disclosed an actuarial surplus of \$3.44 billion (2017 - \$4.84 billion actuarial surplus).

19. COMMITMENTS AND 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.

During the previous year, the Town of Wembley entered into a contract with Associated Fire Safety to purchase a fire engine at a cost of \$676,110. Delivery of the vehicle is expected in mid-2020 and the Town of Wembley secured funding for the vehicle from Alberta Capital Finance Authority.



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

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, 2019

21. 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	2019	2018 <i>(Restated - Note 24)</i>
Excess of revenue over expenditures, per consolidated financial statements	\$ -	\$ 7,507,468	\$ 14,444,940
Add back:			
Amortization of tangible capital assets	-	540,736	472,553
Disposal of tangible capital assets	-	4,144,713	-
Deduct:			
Increase in equity in Aquatera Utilities Inc.	-	(446,140)	-
Net transfers to operating reserves	-	(279,012)	(84,383)
Long-term debt used to purchase capital assets	-	80,000	-
Government transfers for capital	-	(11,506,288)	(14,874,587)
Results of operations - previous method	\$ -	\$ 41,477	\$ (41,477)

22. SUBSEQUENT EVENTS

The Town has entered into an agreement to transfer wastewater assets valued at \$149,871 to Aquatera Utilities Inc., effective January 1, 2020, in exchange for 150 Class B common and 150 Class E preferred shares representing a 0.1% interest in Aquatera Utilities Inc.

On March 11, 2020, COVID-19 was declared a global pandemic. There has been a significant financial impact to the local, national and global economies. The overall impact on the Town's operations is uncertain and management is currently taking measures to protect its operations and mitigate the market, interest and credit risks that have arisen.

23. COMPARATIVE FIGURES

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

24. PRIOR PERIOD ADJUSTMENT

The Town has retroactively recorded an accrual for its vacation pay liability. As a result of this adjustment, salaries, wages and benefits expense for the year ended December 31, 2018 was increased by \$41,477 and the opening unrestricted deficit and accounts payable and accrued liabilities at December 31, 2018 were increased by \$41,477.

