

TOWN OF WEMBLEY
Consolidated Financial Statements
December 31, 2016



TOWN OF WEMBLEY
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Year Ended December 31, 2016

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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, 2016 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, 2016 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, 2017

Chartered Professional Accountants

TOWN OF WEMBLEY
Consolidated Statement of Financial Position
December 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 879,439	\$ 1,295,115
Taxes and grants in lieu of taxes receivable <i>(Note 3)</i>	216,988	171,053
Trade and other receivables <i>(Note 4)</i>	268,586	223,404
Due from County of Grande Prairie No. 1	17,930	8,895
Investments <i>(Note 5)</i>	1,058	1,058
	1,384,001	1,699,525
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 6)</i>	169,006	267,651
Deposit liabilities	20,825	20,650
Deferred revenue <i>(Note 7)</i>	354,778	137,695
Provision for landfill closure and post-closure costs <i>(Note 8)</i>	17,718	16,005
	562,327	442,001
NET FINANCIAL ASSETS	821,674	1,257,524
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 11)</i>	13,136,685	12,656,457
Prepaid expenses	42,402	37,342
	13,179,087	12,693,799
NET ASSETS	\$ 14,000,761	\$ 13,951,323
CONTINGENT LIABILITIES <i>(Note 18)</i>		
ACCUMULATED SURPLUS <i>(Schedule 1, Note 13)</i>	\$ 14,000,761	\$ 13,951,323

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, 2016

	<i>Budget</i> 2016 <i>(Unaudited)</i>	2016	2015
REVENUE			
Net municipal property taxes <i>(Schedule 2)</i>	\$ 1,141,359	\$ 1,141,913	\$ 1,109,568
Government transfers for operating <i>(Schedule 3)</i>	124,514	123,249	198,110
User fees and sales of goods	878,030	841,390	810,251
Interest and investment income	11,782	14,098	15,456
Penalties and costs of taxes	80,000	102,178	71,760
Franchise and concession contracts	143,000	143,497	141,528
Fines, rentals, licences and permits	55,081	48,998	57,592
	<u>2,433,766</u>	<u>2,415,323</u>	<u>2,404,265</u>
EXPENDITURES			
Council and other legislative services	87,500	85,342	73,934
Administrative services	479,966	497,851	428,360
Protective services	281,970	335,814	279,458
Transportation services	778,100	1,000,900	964,788
Water and wastewater services	830,700	716,263	640,541
Garbage collection and disposal services	206,476	188,199	191,120
Family and community support services	96,482	100,840	89,913
Planning and development services	17,600	15,793	30,202
Recreation and cultural services	175,630	188,969	159,041
	<u>2,954,424</u>	<u>3,129,971</u>	<u>2,857,357</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES BEFORE THE FOLLOWING	<u>(520,658)</u>	<u>(714,648)</u>	<u>(453,092)</u>
OTHER ITEMS			
Gain (loss) on disposal of tangible capital assets	-	(3,899)	1
Government transfers for capital <i>(Schedule 3)</i>	897,000	767,985	925,970
	<u>897,000</u>	<u>764,086</u>	<u>925,971</u>
EXCESS OF REVENUE OVER EXPENDITURES	376,342	49,438	472,879
ACCUMULATED SURPLUS, BEGINNING	<u>13,951,323</u>	<u>13,951,323</u>	<u>13,478,444</u>
ACCUMULATED SURPLUS, ENDING	<u>\$ 14,327,665</u>	<u>\$ 14,000,761</u>	<u>\$ 13,951,323</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2016

	<i>Budget 2016 (Unaudited)</i>	2016	2015
EXCESS OF REVENUE OVER EXPENDITURES	\$ 376,342	\$ 49,438	\$ 472,879
Acquisition of tangible capital assets	(980,828)	(942,964)	(1,060,386)
Proceeds on disposal of tangible capital assets	-	1	1
Amortization of tangible capital assets	26,250	458,839	420,054
Loss (gain) on disposal of tangible capital assets	-	3,899	(1)
	<u>(954,578)</u>	<u>(480,225)</u>	<u>(640,332)</u>
Acquisition of prepaid assets	-	(42,405)	(37,342)
Use of prepaid assets	-	37,342	38,467
	<u>-</u>	<u>(5,063)</u>	<u>1,125</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(578,236)	(435,850)	(166,328)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>1,257,524</u>	<u>1,257,524</u>	<u>1,423,852</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 679,288</u>	<u>\$ 821,674</u>	<u>\$ 1,257,524</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Statement of Changes in Financial Position
Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 49,438	\$ 472,879
Items not affecting cash:		
Amortization of tangible capital assets	458,839	420,054
Loss (gain) on disposal of tangible capital assets	3,899	(1)
Provision for landfill closure/post-closure	1,713	1,327
	<u>513,889</u>	<u>894,259</u>
Changes in non-cash working capital:		
Taxes and grants in lieu of taxes receivable	(45,935)	11,349
Trade and other receivables	(45,182)	420,217
Due from County of Grande Prairie No. 1	(9,035)	(173)
Land held for resale	-	17,504
Accounts payable and accrued liabilities	(98,647)	33,426
Deposit liabilities	175	455
Deferred revenue	217,083	(466,409)
Prepaid expenses	(5,060)	1,125
	<u>13,399</u>	<u>17,494</u>
Cash from operating activities	<u>527,288</u>	<u>911,753</u>
CAPITAL ACTIVITY		
Acquisitions of tangible capital asset	(942,965)	(1,060,386)
Proceeds on disposal of tangible capital assets	1	1
Cash used by capital activity	<u>(942,964)</u>	<u>(1,060,385)</u>
DECREASE IN CASH	(415,676)	(148,632)
CASH AND TEMPORARY INVESTMENTS - BEGINNING OF YEAR	<u>1,295,115</u>	<u>1,443,747</u>
CASH AND TEMPORARY INVESTMENTS - END OF YEAR	<u>\$ 879,439</u>	<u>\$ 1,295,115</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY

Consolidated Changes in Accumulated Surplus

(Schedule 1)

Year Ended December 31, 2016

	Unrestricted Surplus (Deficit)	Restricted Surplus	Equity in Tangible Capital Assets	2016	2015
					\$
BALANCE, BEGINNING OF YEAR	\$ -	\$ 1,294,866	\$ 12,656,457	\$ 13,951,323	\$ 13,478,444
Excess of revenue over expenditures	49,438	-	-	49,438	472,879
Unrestricted funds designated for future use	(40,250)	40,250	-	-	-
Restricted funds used for operations	443,147	(443,147)	-	-	-
Restricted funds used for tangible capital assets	-	(27,893)	27,893	-	-
Current year funds used for tangible capital assets	(147,088)	-	147,088	-	-
Government transfers for tangible capital assets	(767,985)	-	767,985	-	-
Disposal of tangible capital assets	3,899	-	(3,899)	-	-
Annual amortization expense	458,839	-	(458,839)	-	-
Change in accumulated surplus	-	(430,790)	480,228	49,438	472,879
BALANCE (DEFICIT), END OF YEAR	\$ -	\$ 864,076	\$ 13,136,685	\$ 14,000,761	\$ 13,951,323

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Property and Other Taxes
Year Ended December 31, 2016

(Schedule 2)

	<i>Budget 2016 (Unaudited)</i>	2016	2015
Taxation			
Real property taxes	\$ 1,608,221	\$ 1,581,263	\$ 1,448,126
Linear property taxes	-	27,513	22,720
	<u>1,608,221</u>	<u>1,608,776</u>	<u>1,470,846</u>
Deduct: requisitions			
Alberta School Foundation Fund	460,083	460,084	355,622
Senior Foundation	6,779	6,779	5,656
	<u>466,862</u>	<u>466,863</u>	<u>361,278</u>
Net municipal property taxes	<u>\$ 1,141,359</u>	<u>\$ 1,141,913</u>	<u>\$ 1,109,568</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Government Transfers
Year Ended December 31, 2016

(Schedule 3)

	<i>Budget 2016 (Unaudited)</i>	2016	2015
Transfers for operating			
Provincial government	\$ 67,890	\$ 72,343	\$ 148,532
Other local governments	56,624	50,906	49,578
	124,514	123,249	198,110
Transfers for capital			
Provincial government	897,000	657,985	925,970
Other local governments	-	110,000	-
	897,000	767,985	925,970
	\$ 1,021,514	\$ 891,234	\$ 1,124,080

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Consolidated Expenditures by Object
Year Ended December 31, 2016

(Schedule 4)

	<i>Budget 2016 (Unaudited)</i>	2016	2015
EXPENDITURES			
Salaries, wages and benefits	\$ 1,172,027	\$ 1,232,446	\$ 936,761
Contracted and general services	1,216,692	914,343	1,012,215
Purchases from other governments	16,700	16,398	16,346
Materials, goods, supplies and utilities	465,075	454,668	403,984
Transfers to individuals and organizations	56,180	51,430	66,740
Bank charges and short-term interest	1,500	1,847	1,257
Amortization of tangible capital assets	26,250	458,839	420,054
	<u>\$ 2,954,424</u>	<u>\$ 3,129,971</u>	<u>\$ 2,857,357</u>

Please see accompanying notes to financial statements



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

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, 2016

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, 2016

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 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 financial statements and the reported amounts of revenues and expenses during the period. Significant estimates used in the preparation of the financial statements includes the provision for amortization of tangible capital assets. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

2. CASH AND TEMPORARY INVESTMENTS

	2016	2015
Cash on hand and in banks	\$ 194,562	\$ 361,580
Savings accounts	461,248	731,127
West Grande Prairie County Solid Waste Management Authority temporary investments	223,629	202,408
	\$ 879,439	\$ 1,295,115

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

Included in cash are restricted amounts aggregating \$295,389 (2015 - \$72,694) to be used for specific capital and other projects and \$17,718 (2015 - \$16,005) to be used for the West Grande Prairie County Solid Waste Management Authority landfill closure and post-closure liabilities.



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2016	2015
Current taxes and grants in lieu	\$ 168,779	\$ 152,231
Tax arrears	48,209	18,822
	\$ 216,988	\$ 171,053

4. TRADE AND OTHER RECEIVABLES

	2016	2015
Grants receivable	\$ 175,402	\$ 67,804
Trade and other receivables	84,560	146,331
Receivable from other governments	8,624	9,269
	\$ 268,586	\$ 223,404

5. INVESTMENTS

	2016	2015
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. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Regular trade payables	\$ 140,193	\$ 167,730
Capital project payables	28,813	99,921
	\$ 169,006	\$ 267,651

7. DEFERRED REVENUE

	2016	2015
Provincial capital grants	\$ 288,177	\$ 65,552
Skateboard park capital grant	7,212	7,143
Deferred sales and user charges	59,389	65,000
	\$ 354,778	\$ 137,695

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



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

8. 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 6% 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 781,835 (2015 - 793,676) cubic meters. The existing landfill site is expected to reach capacity in approximately the year 2081.

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	\$ 89,996
Estimated post-closure costs	<u>9,131</u>
Estimated total costs	99,127
Amount accrued to December 31, 2016	<u>(17,718)</u>
Balance of estimated costs to accrue	<u>\$ 81,409</u>

9. 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:

	<u>2016</u>	<u>2015</u>
Total debt limit	\$ 3,622,985	\$ 3,606,398
Debt servicing limit	<u>\$ 603,831</u>	<u>\$ 601,066</u>

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.

10. BANK CREDIT FACILITY

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.



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

11. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Land	\$ 2,432,538	\$ -	\$ 2,432,538	\$ 2,432,538
Land improvements	466,977	263,743	203,234	177,502
Buildings	931,783	382,569	549,214	568,335
Equipment	1,597,360	1,018,419	578,941	675,471
Motor vehicles	695,820	211,358	484,462	331,612
Engineered structures	13,670,888	4,844,448	8,826,440	7,674,949
Construction in progress	61,856	-	61,856	796,050
	<u>\$ 19,857,222</u>	<u>\$ 6,720,537</u>	<u>\$ 13,136,685</u>	<u>\$ 12,656,457</u>

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	2016	2015
Tangible capital assets (<i>Note 11</i>)	\$ 19,857,222	\$ 18,992,230
Accumulated amortization (<i>Note 11</i>)	(6,720,537)	(6,335,773)
	<u>\$ 13,136,685</u>	<u>\$ 12,656,457</u>

13. ACCUMULATED SURPLUS

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

	2016	2015
Unrestricted surplus	\$ -	\$ -
Restricted surplus		
Operating reserves (<i>Note 14</i>)	119,459	492,509
Capital reserves (<i>Note 14</i>)	744,617	802,357
Equity in tangible capital assets (<i>Note 12</i>)	<u>13,136,685</u>	<u>12,656,457</u>
	<u>\$ 14,000,761</u>	<u>\$ 13,951,323</u>



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

14. RESERVES

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

	Balance Beginning	Additions	Reductions	Balance Closing
Operating reserves:				
Water	\$ 75,000	\$ -	\$ -	\$ 75,000
Operating contingency	384,439	-	(384,439)	-
West Grande Prairie County Solid Waste Management Authority	33,070	11,389	-	44,459
	<u>492,509</u>	<u>11,389</u>	<u>(384,439)</u>	<u>119,459</u>
Capital reserves:				
Common services equipment replacement	9,514	-	-	9,514
Roads	100,000	-	-	100,000
Subdivisions	335,744	1,800	(58,708)	278,836
Recreation and cultural services	7,924	-	-	7,924
Parks	191,823	-	(20,297)	171,526
West Grande Prairie County Solid Waste Management Authority	157,352	27,061	(7,596)	176,817
	<u>802,357</u>	<u>28,861</u>	<u>(86,601)</u>	<u>744,617</u>
	<u>\$ 1,294,866</u>	<u>\$ 40,250</u>	<u>\$ (471,040)</u>	<u>\$ 864,076</u>



TOWN OF WEMBLEY
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

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)	2016	2015
<u>Mayor:</u>				
C. Turnmire	\$ 19,350	\$ -	\$ 19,350	\$ 15,525
<u>Councillors:</u>				
C. Holler	9,400	-	9,400	7,100
T. Jones	8,350	-	8,350	8,550
M. Moncrieff	8,950	-	8,950	6,500
R. Robichaud	3,900	-	3,900	5,025
J. Anaka	6,600	-	6,600	3,875
T. Johnson	7,950	-	7,950	4,475
S. McCallum	300	-	300	-
A. Underwood	400	-	400	-
Chief Administrative Officer	135,000	23,479	158,479	136,623
	\$ 200,200	\$ 23,479	\$ 223,679	\$ 187,673

- (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, 2016

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:

	2016	2015
Financial assets	\$ 250,183	\$ 220,572
Tangible capital assets	404,657	424,528
	\$ 654,840	\$ 645,100
Financial liabilities	\$ 23,883	\$ 25,351
Accumulated surplus	630,957	619,749
	\$ 654,840	\$ 645,100
Revenue	\$ 83,586	\$ 83,750
Expenditures	(72,378)	(77,293)
Excess of revenue over expenditures	\$ 11,208	\$ 6,457



TOWN OF WEMBLEY
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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 244,500 people and 426 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 2016 were \$96,291 (2015 - \$73,421). Total current service contributions by the employees of the Town of Wembley to the Local Authorities Pension Plan in 2016 were \$88,714 (2015 - \$67,560).

At December 31, 2015, the Plan disclosed an actuarial deficiency of \$923 million (2014 - \$2.4 billion).

LAPP has announced that member contribution rates are expected to remain consistent in 2017 and 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 \$350,000 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.



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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.

The carrying value of the long-term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Town for debt with similar terms.

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 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	2016	2015
Excess of revenue over expenditures, per financial statements	\$ 376,342	\$ 49,438	\$ 472,879
Add back:			
Amortization of tangible capital assets	26,250	458,839	420,054
Net transfers from operating reserves	178,363	373,050	176,035
Net transfers from (to) capital reserves	79,000	57,740	(8,582)
Deduct:			
Loss (gain) on disposal of capital assets	-	3,899	(1)
Current year funds used for tangible capital assets	-	(147,088)	(104,343)
Government transfers for capital	(897,000)	(767,985)	(925,970)
Results of operations - previous method	\$ (237,045)	\$ 27,893	\$ 30,072

21. CONTAMINATED SITES LIABILITY

The Town has adopted PS3260 Liability for Contaminated Sites. The Town did not identify any financial liabilities in 2016 (2015 - NIL) as a result of this standard.

22. APPROVAL OF FINANCIAL STATEMENTS

Council has approved these financial statements.

