

**TOWN OF WEMBLEY**  
**Consolidated Financial Statements**  
**December 31, 2018**



**TOWN OF WEMBLEY**  
**Index to Consolidated Financial Statements**  
**Year Ended December 31, 2018**

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## INDEPENDENT AUDITORS' REPORT

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To the Mayor and Members of Council of 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, 2018, 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, 2018, 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

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*Our Firms' 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 auditor's 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 auditor's 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 auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*Fletcher Moody & LLP*

Grande Prairie, Alberta  
May 16, 2019

Chartered Professional Accountants



**TOWN OF WEMBLEY**  
**Consolidated Statement of Financial Position**  
**December 31, 2018**

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments <i>(Note 2)</i>	\$ 2,317,804	\$ 6,176,088
Taxes and grants in lieu of taxes receivable <i>(Note 3)</i>	231,728	251,970
Trade and other receivables <i>(Note 4)</i>	4,603,309	207,422
Due from County of Grande Prairie No. 1	92,965	30,844
Land held for resale	35,438	-
Investments <i>(Note 5)</i>	1,058	1,058
	7,282,302	6,667,382
<b>FINANCIAL LIABILITIES</b>		
Bank indebtedness <i>(Note 6)</i>	492,801	42,332
Accounts payable and accrued liabilities <i>(Note 7)</i>	5,457,590	194,597
Deposit liabilities	140,685	20,720
Deferred revenue <i>(Note 8)</i>	192,979	5,383,971
Deferred sales and user charges	112,736	92,171
Provision for landfill closure and post-closure costs <i>(Note 9)</i>	7,254	8,307
Loan payable to County of Grande Prairie No.1 <i>(Note 11)</i>	381,999	-
	6,786,044	5,742,098
<b>NET FINANCIAL ASSETS</b>	<b>496,258</b>	<b>925,284</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets <i>(Note 12)</i>	28,707,220	13,793,126
Prepaid expenses	40,811	39,462
	28,748,031	13,832,588
<b>NET ASSETS</b>	<b>\$ 29,244,289</b>	<b>\$ 14,757,872</b>
<b>CONTINGENT LIABILITIES</b> <i>(Note 19)</i>		
<b>ACCUMULATED SURPLUS</b> <i>(Schedule 1, Note 14)</i>		
	<b>\$ 29,244,289</b>	<b>\$ 14,757,872</b>

**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, 2018**

	<i>Budget</i> 2018 <i>(Unaudited)</i>	2018	2017
<b>REVENUE</b>			
Net municipal property taxes <i>(Schedule 2)</i>	\$ 1,437,135	\$ 1,431,770	\$ 1,286,862
Government transfers for operating <i>(Schedule 3)</i>	216,078	313,736	142,583
User fees and sales of goods	808,620	860,733	995,644
Interest and investment income	11,293	22,133	14,659
Penalties and costs of taxes	91,000	97,600	84,010
Franchise and concession contracts	166,000	150,218	164,243
Fines, rentals, licences and permits	54,764	47,298	55,291
	<u>2,784,890</u>	<u>2,923,488</u>	<u>2,743,292</u>
<b>EXPENDITURES</b>			
Council and other legislative services	82,000	102,924	80,986
Administrative services	594,493	612,613	488,050
Protective services	387,980	434,003	392,209
Transportation services	746,050	1,059,251	962,842
Water and wastewater services	386,902	530,445	563,578
Garbage collection and disposal services	235,898	213,688	202,264
Family and community support services	95,495	97,251	103,203
Planning and development services	23,372	31,284	12,739
Recreation and cultural services	221,982	232,474	201,771
	<u>2,774,172</u>	<u>3,313,933</u>	<u>3,007,642</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES BEFORE THE FOLLOWING</b>	<u>10,718</u>	<u>(390,445)</u>	<u>(264,350)</u>
<b>OTHER ITEMS</b>			
Gain (loss) on disposal of tangible capital assets	-	2,275	(20,808)
Government transfers for capital <i>(Schedule 3)</i>	26,403,377	14,874,587	1,042,269
	<u>26,403,377</u>	<u>14,876,862</u>	<u>1,021,461</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	26,414,095	14,486,417	757,111
<b>ACCUMULATED SURPLUS, BEGINNING</b>	<u>14,757,872</u>	<u>14,757,872</u>	<u>14,000,761</u>
<b>ACCUMULATED SURPLUS, ENDING</b>	<u>\$ 41,171,967</u>	<u>\$ 29,244,289</u>	<u>\$ 14,757,872</u>

*Please see accompanying notes to financial statements*



**TOWN OF WEMBLEY**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2018**

	<i>Budget</i> 2018 <i>(Unaudited)</i>	2018	2017
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	\$ 26,414,095	\$ <b>14,486,417</b>	\$ 757,111
Acquisition of tangible capital assets	(26,485,437)	<b>(15,387,294)</b>	(1,165,456)
Proceeds on disposal of tangible capital assets	-	<b>2,923</b>	18,265
Amortization of tangible capital assets	27,450	<b>472,553</b>	469,941
Loss on disposal of tangible capital assets	-	<b>(2,275)</b>	20,808
	<u>(26,457,987)</u>	<u><b>(14,914,093)</b></u>	<u>(656,442)</u>
Acquisition of prepaid assets	-	<b>(40,811)</b>	(39,461)
Use of prepaid assets	-	<b>39,461</b>	42,402
	<u>-</u>	<u><b>(1,350)</b></u>	<u>2,941</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(43,892)	<b>(429,026)</b>	103,610
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	925,284	<b>925,284</b>	821,674
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 881,392</u>	<u>\$ <b>496,258</b></u>	<u>\$ 925,284</u>

*Please see accompanying notes to financial statements*



**TOWN OF WEMBLEY**  
**Consolidated Statement of Changes in Financial Position**  
**Year Ended December 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 14,486,417	\$ 757,111
Items not affecting cash:		
Amortization of tangible capital assets	472,553	469,941
Loss (gain) on disposal of tangible capital assets	(2,275)	20,808
Provision for landfill closure and post-closure	(1,053)	(9,411)
	<u>14,955,642</u>	<u>1,238,449</u>
Changes in non-cash working capital:		
Taxes and grants in lieu of taxes receivable	20,242	(34,982)
Trade and other receivables	(4,395,887)	61,164
Due from County of Grande Prairie No. 1	(62,121)	(12,914)
Land held for resale	(35,438)	-
Accounts payable and accrued liabilities	5,262,993	25,592
Deposit liabilities	119,965	(105)
Deferred revenue	(5,190,992)	5,088,581
Deferred sales and user charges	20,564	32,783
Prepaid expenses	(1,349)	2,940
	<u>(4,262,023)</u>	<u>5,163,059</u>
Cash from operating activities	<u>10,693,619</u>	<u>6,401,508</u>
<b>CAPITAL ACTIVITY</b>		
Acquisition of tangible capital assets	(15,387,294)	(1,165,456)
Proceeds on disposal of tangible capital assets	2,923	18,265
Cash used by capital activity	<u>(15,384,371)</u>	<u>(1,147,191)</u>
<b>FINANCING ACTIVITY</b>		
Loan payable to County of Grande Prairie No.1	381,999	-
<b>INCREASE (DECREASE) IN CASH</b>	<b>(4,308,753)</b>	<b>5,254,317</b>
CASH AND TEMPORARY INVESTMENTS - BEGINNING OF YEAR	<u>6,133,756</u>	<u>879,439</u>
<b>CASH AND TEMPORARY INVESTMENTS - END OF YEAR</b>	<b><u>\$ 1,825,003</u></b>	<b><u>\$ 6,133,756</u></b>

*Please see accompanying notes to financial statements*





**TOWN OF WEMBLEY**

**Consolidated Changes in Accumulated Surplus**

*(Schedule 1)*

**Year Ended December 31, 2018**

	Unrestricted Surplus (Deficit)	Restricted Surplus	Equity in Tangible Capital Assets	<b>2018</b>	2017
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ -</b>	<b>\$ 964,746</b>	<b>\$ 13,793,126</b>	<b>\$ 14,757,872</b>	<b>\$ 14,000,761</b>
Excess of revenue over expenditures	14,486,417	-	-	<b>14,486,417</b>	757,111
Unrestricted funds designated for future use	(84,383)	84,383	-	-	-
Restricted funds used for tangible capital assets	-	(130,061)	130,061	-	-
Government transfers for tangible capital assets	(14,492,588)	-	14,492,588	-	-
Amortization of tangible capital assets	472,553	-	(472,553)	-	-
Long-term debt used to purchase capital assets	(381,999)	-	381,999	-	-
Change in accumulated surplus	-	(45,678)	14,532,095	<b>14,486,417</b>	757,111
<b>BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 919,068</b>	<b>\$ 28,325,221</b>	<b>\$ 29,244,289</b>	<b>\$ 14,757,872</b>

*Please see accompanying notes to financial statements*



**TOWN OF WEMBLEY**  
**Consolidated Property and Other Taxes**  
**Year Ended December 31, 2018**

*(Schedule 2)*

	<i>Budget</i> 2018 <i>(Unaudited)</i>	<b>2018</b>	2017
<b>Taxation</b>			
Real property taxes	\$ 1,932,631	\$ <b>1,879,990</b>	\$ 1,748,512
Linear property taxes	-	<b>47,276</b>	30,577
	<u>1,932,631</u>	<u><b>1,927,266</b></u>	<u>1,779,089</u>
<b>Deduct: requisitions</b>			
Alberta School Foundation Fund	487,529	<b>487,529</b>	484,711
Senior Foundation	7,967	<b>7,967</b>	7,516
	<u>495,496</u>	<u><b>495,496</b></u>	<u>492,227</u>
<b>Net municipal property taxes</b>	<u>\$ 1,437,135</u>	<u>\$ <b>1,431,770</b></u>	<u>\$ 1,286,862</u>

*Please see accompanying notes to financial statements*



**TOWN OF WEMBLEY**  
**Consolidated Government Transfers**  
**Year Ended December 31, 2018**

*(Schedule 3)*

	<i>Budget</i> 2018 <i>(Unaudited)</i>	<b>2018</b>	2017
<b>Government transfers for operating</b>			
Provincial government	\$ 137,160	\$ <b>208,399</b>	\$ 68,441
Other local governments	78,918	<b>105,337</b>	74,142
	<u>216,078</u>	<b>313,736</b>	142,583
<b>Government transfers for capital</b>			
Provincial government	26,403,377	<b>12,813,486</b>	1,017,269
Other local governments	-	<b>2,061,101</b>	25,000
	<u>26,403,377</u>	<b>14,874,587</b>	1,042,269
	<u>\$ 26,619,455</u>	<b>\$ 15,188,323</b>	\$ 1,184,852

*Please see accompanying notes to financial statements*



**TOWN OF WEMBLEY**  
**Consolidated Expenditures by Object**  
**Year Ended December 31, 2018**

*(Schedule 4)*

	<i>Budget</i> 2018 <i>(Unaudited)</i>	<b>2018</b>	2017
<b>EXPENDITURES</b>			
Salaries, wages and benefits	\$ 1,299,722	\$ <b>1,323,664</b>	\$ 1,266,109
Contracted and general services	924,392	<b>925,324</b>	790,978
Purchases from other governments	18,835	<b>18,777</b>	16,870
Materials, goods, supplies and utilities	448,253	<b>510,072</b>	416,325
Transfers to individuals and organizations	54,320	<b>58,470</b>	46,320
Bank charges and short-term interest	1,200	<b>5,073</b>	1,099
Amortization of tangible capital assets	27,450	<b>472,553</b>	469,941
	<u>\$ 2,774,172</u>	<u>\$ <b>3,313,933</b></u>	<u>\$ 3,007,642</u>

*Please see accompanying notes to financial statements*



**TOWN OF WEMBLEY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2018**

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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 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.

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**TOWN OF WEMBLEY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2018**

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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.

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**TOWN OF WEMBLEY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2018**

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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.

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2. CASH AND TEMPORARY INVESTMENTS

	<b>2018</b>	2017
Cash on hand and in banks (overdraft)	\$ (288,578)	\$ 74,450
Savings accounts	<b>2,325,320</b>	5,831,623
West Grande Prairie County Solid Waste Management Authority temporary investments	<b>281,062</b>	270,015
	<b>\$ 2,317,804</b>	\$ 6,176,088

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

Included in cash are restricted amounts aggregating \$192,979 (2017 - \$5,383,971) to be used for specific capital and other projects as disclosed in Note 8 and \$7,254 (2017 - \$8,307) to be used for the West Grande Prairie County Solid Waste Management Authority landfill closure and post-closure liabilities as disclosed in Note 9.

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**TOWN OF WEMBLEY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2018**

3. TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLE

	2018	2017
Current taxes and grants in lieu	\$ 203,252	\$ 194,115
Tax arrears	28,476	57,855
	\$ 231,728	\$ 251,970

4. TRADE AND OTHER RECEIVABLES

	2018	2017
Grants receivable	\$ 3,767,563	\$ 30,533
Trade and other receivables	186,238	128,566
GST receivable	635,194	35,514
Receivable from other governments	14,314	12,809
	\$ 4,603,309	\$ 207,422

5. INVESTMENTS

	2018	2017
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 \$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, 2018, \$97,199 of the revolving demand loan was unused.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Regular trade payables	\$ 118,416	\$ 139,786
Capital project payables	5,339,174	54,811
	\$ 5,457,590	\$ 194,597





**TOWN OF WEMBLEY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2018**

8. DEFERRED REVENUE

	2018	2017
Provincial capital grants	\$ 185,530	\$ 5,376,672
Skateboard park capital grant	7,449	7,299
	\$ 192,979	\$ 5,383,971

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 3.367% 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 762,974 (2017 - 770,174) cubic meters. The existing landfill site is expected to reach capacity in approximately 75-80 years based on current average 5-year usage rates.

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	\$ 32,356
Estimated post-closure costs	4,176
Estimated post-closure costs	36,532
Amount accrued to December 31, 2018	(7,254)
Balance of estimated costs to accrue	\$ 29,278



**TOWN OF WEMBLEY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2018**

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:

	2018	2017
Total debt limit	\$ 4,385,232	\$ 4,114,938
Bank indebtedness	(492,801)	(42,332)
Loan payable to County of Grande Prairie No.1	(381,999)	-
Amount of debt limit unused	\$ 3,510,432	\$ 4,072,606
Debt servicing limit	\$ 722,092	\$ 685,823
Debt servicing - Loan payable to County of Grande Prairie No.1	(80,000)	-
Amount of debt servicing limit unused	\$ 642,092	\$ 685,823

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. LOAN PAYABLE TO COUNTY OF GRANDE PRAIRIE NO. 1

The loan payable to 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.

12. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 2,432,538	\$ -	\$ 2,432,538	\$ 2,432,538
Land improvements	672,106	331,258	340,848	354,848
Buildings	931,783	420,809	510,974	530,094
Equipment	1,637,456	1,082,959	554,497	603,480
Motor vehicles	695,483	317,931	377,552	421,959
Engineered structures	14,678,452	5,366,557	9,311,895	8,820,227
Construction in progress	15,178,916	-	15,178,916	629,980
	\$ 36,226,734	\$ 7,519,514	\$ 28,707,220	\$ 13,793,126



**TOWN OF WEMBLEY**  
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13. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018	2017
Tangible capital assets <i>(Note 12)</i>	\$ 36,226,734	\$ 20,866,380
Accumulated amortization <i>(Note 12)</i>	(7,519,514)	(7,073,254)
Loan payable to County of Grande Prairie No. 1 <i>(Note 11)</i>	(381,999)	-
	\$ 28,325,221	\$ 13,793,126

14. ACCUMULATED SURPLUS

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

	2018	2017
Unrestricted surplus	\$ -	\$ -
Restricted surplus		
Operating reserves <i>(Note 15)</i>	158,264	230,806
Capital reserves <i>(Note 15)</i>	760,804	733,940
Equity in tangible capital assets <i>(Note 13)</i>	28,325,221	13,793,126
	\$ 29,244,289	\$ 14,757,872



**TOWN OF WEMBLEY**  
**Notes to Consolidated Financial Statements**  
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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 operating reserve	\$ 70,189	\$ 4,696	\$ (37,281)	\$ 37,604
Water	75,000	-	(74,909)	91
West Grande Prairie County Solid Waste Management Authority	85,617	34,952	-	120,569
	<u>230,806</u>	<u>39,648</u>	<u>(112,190)</u>	<u>158,264</u>
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	130,660	-	(5,007)	125,653
West Grande Prairie County Solid Waste Management Authority	207,006	44,735	(3,350)	248,391
	<u>733,940</u>	<u>44,735</u>	<u>(17,871)</u>	<u>760,804</u>
	<u>\$ 964,746</u>	<u>\$ 84,383</u>	<u>\$ (130,061)</u>	<u>\$ 919,068</u>



**TOWN OF WEMBLEY**  
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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)	<b>2018</b>	2017
<u>Mayor:</u>				
C. Turnmire	\$ 24,850	\$ 756	<b>\$ 25,606</b>	\$ 20,840
<u>Councillors:</u>				
J. Anaka	-	-	-	2,550
C. Gundersen	10,750	38	<b>10,788</b>	2,550
C. Holler	-	-	-	6,400
T. Johnson	7,900	287	<b>8,187</b>	7,842
S. McCallum	8,800	148	<b>8,948</b>	8,633
N. McDonald	4,400	-	<b>4,400</b>	2,400
M. Moncrieff	3,900	-	<b>3,900</b>	6,430
R. Robichaud	4,400	-	<b>4,400</b>	4,400
A. Underwood	13,700	360	<b>14,060</b>	10,610
Chief Administrative Officer	140,454	23,350	<b>163,804</b>	161,895
	<b>\$ 219,154</b>	<b>\$ 24,939</b>	<b>\$ 244,093</b>	<b>\$ 234,550</b>

- (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, 2018**

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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:

	<b>2018</b>	2017
Financial assets	\$ <b>388,341</b>	\$ 313,668
Tangible capital assets	<b>350,880</b>	373,146
	<b>\$ 739,221</b>	\$ 686,814
Financial liabilities	\$ <b>13,908</b>	\$ 15,797
Accumulated surplus	<b>725,313</b>	671,017
	<b>\$ 739,221</b>	\$ 686,814
Revenue	\$ <b>135,670</b>	\$ 117,833
Expenditures	<b>(80,792)</b>	(89,250)
Excess of revenue over expenditures	<b>\$ 54,878</b>	\$ 28,583

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**TOWN OF WEMBLEY**  
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**Year Ended December 31, 2018**

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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 about 259,714 people and 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 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canadian Pension Plan and 14.84% on the excess.

Employees of the Town of Wembley are required to make current service contributions of 9.39% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on the excess.

Total current service contributions by the Town of Wembley to the Local Authorities Pension Plan in 2018 were \$96,275 (2017 - \$110,340). Total current service contributions by the employees of the Town of Wembley to the Local Authorities Pension Plan in 2018 were \$88,009 (2017 - \$101,661).

At December 31, 2017, the Plan disclosed an actuarial surplus of \$4.84 billion (2016 - \$637 million deficit).

LAPP has announced that contribution rates will decrease by 1% for 2019.

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19. CONTINGENT LIABILITIES

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

The Town of Wembley has agreed to guarantee a loan on behalf of the Wembley and District Agricultural Society in the amount of \$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.

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**TOWN OF WEMBLEY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2018**

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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.

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**TOWN OF WEMBLEY**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2018**

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	2018	2017
Excess of revenue over expenditures, per consolidated financial statements	\$ -	\$ 14,486,417	\$ 757,111
Add back:			
Amortization of tangible capital assets	-	472,553	469,941
Net transfers from (to) operating reserves	-	(84,383)	(155,717)
Deduct:			
Disposal of tangible capital assets	-	-	39,075
Current year funds used for tangible capital assets	-	-	(68,141)
Government transfers for capital	-	(14,874,587)	(1,042,269)
Results of operations - previous method	\$ -	\$ -	\$ -

22. COMMITMENTS

The Town is currently constructing a regional water transmission line from Grande Prairie to Wembley. The estimated remaining cost of the project is \$9,600,000 and will be funded by grant funds of \$2,900,000 from Infrastructure Canada's Clean Water and Wastewater Fund and \$4,200,000 from Alberta Environment and Parks' Water for Life program. Upon completion of the project, the Town intends to transfer ownership of the water transmission line to Aquatera Utilities Inc. in exchange for shares.

During the year, the Town 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 late 2019 and the Town is currently seeking additional funding for the purchase.

23. SUBSEQUENT EVENTS

Lori Parker, the Chief Administrative Officer (CAO) of the Town of Wembley, retired effective March 15, 2019. The Town's new CAO, Noreen Zhang, commenced employment on April 8, 2019.

On January 1, 2019, the Town transferred water distribution system assets valued at \$404,606 to Aquatera Utilities Inc. (Aquatera) 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 0.3% interest in Aquatera.

The Town has also entered into an agreement to transfer wastewater assets valued at \$149,871 to Aquatera, effective July 1, 2019, in exchange for 150 Class B common and 150 Class E preferred shares representing a 0.1% interest in Aquatera.

