

**VILLAGE OF WABAMUN**  
**Financial Statements**  
**For The Year Ended December 31, 2018**

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## INDEPENDENT AUDITORS' REPORT

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To the Mayor and Council of Village of Wabamun

### *Opinion*

We have audited the financial statements of Village of Wabamun (the Village), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2018, and the results of its operations, changes in net financial assets, and its cash flows 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 Financial Statements* section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements*

Management is responsible for the preparation and fair presentation of the 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 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 Village's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 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:

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Independent Auditors' Report to the Mayor and Council of Village of Wabamun (*continued*)

- Identify and assess the risks of material misstatement of the 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 Village'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 Village'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 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 Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

**METRIX GROUP LLP**

Chartered Professional Accountants

Edmonton, Alberta  
April 16, 2019

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

To His Worship the Mayor and Members of Council of the Village of Wabamun

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are prepared by management in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgements of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Metrix Group LLP, Chartered Professional Accountants, have been appointed by the Village Council to express an opinion on the Village's financial statements.

Wabamun, Alberta

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Shawn Patience  
Chief Administrative Officer

**VILLAGE OF WABAMUN**  
**Statement of Financial Position**  
**As At December 31, 2018**

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents <i>(Note 2)</i>	\$ 1,356,457	\$ 2,829,644
Investments <i>(Note 3)</i>	53,803	51,764
Receivables <i>(Note 4)</i>	665,854	750,151
Land held for resale	<u>2,200,258</u>	<u>2,114,147</u>
	<u>4,276,372</u>	<u>5,745,706</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	581,137	135,693
Deposit liabilities	6,082	2,000
Deferred revenue <i>(Note 6)</i>	<u>346,440</u>	<u>4,606</u>
	<u>933,659</u>	<u>142,299</u>
<b>NET FINANCIAL ASSETS</b>	<u>3,342,713</u>	<u>5,603,407</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets <i>(Note 5)</i>	<u>14,481,371</u>	<u>12,660,624</u>
	<u>14,481,371</u>	<u>12,660,624</u>
<b>ACCUMULATED SURPLUS</b> <i>(Note 7)</i>	<u>\$ 17,824,084</u>	<u>\$ 18,264,031</u>
Contingencies <i>(Note 9)</i>		

The accompanying notes are an integral part of these financial statements.

# VILLAGE OF WABAMUN

## Statement of Annual Surplus and Accumulated Surplus

For the Year Ended December 31, 2018

	2018 (Budget) (Note 16)	2018 (Actual)	2017 (Actual)
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 759,829	\$ 759,477	\$ 726,330
Sales and user charges (Schedule 4)	716,331	747,250	703,581
Other	32,561	90,069	222,059
Franchise and concession contracts	60,000	54,619	42,011
Government transfers for operating (Schedule 3)	51,554	58,932	99,651
Rentals	47,625	45,711	79,594
Interest	27,900	41,464	58,528
Licenses and permits	7,650	11,005	7,252
Penalties and costs on taxes	9,000	10,383	9,119
Fines	9,566	3,758	3,851
	<u>1,722,016</u>	<u>1,822,668</u>	<u>1,951,976</u>
<b>EXPENSES</b>			
Roads, streets, walks and lighting	570,960	640,272	491,977
General administration	431,455	465,375	373,260
Water supply and distribution	422,059	354,183	374,427
Parks and recreation	123,808	170,281	190,845
Waste water treatment and disposal	81,182	97,367	209,114
Waste management	69,000	69,465	75,565
Legislative	72,312	61,312	73,319
Fire	61,820	55,394	66,075
Culture: library and hall	58,167	52,876	57,750
Family and community support	33,255	43,289	43,242
Bylaw enforcement	28,410	27,659	28,454
Land use planning, zoning and development	7,500	14,116	15,165
Police	12,000	9,856	11,560
Ambulance and first aid	8,063	5,758	5,796
Subdivision land and development	2,035	1,855	-
Cemeteries	2,400	1,754	2,208
Disaster and emergency services	500	184	-
Amortization	-	633,562	611,851
	<u>1,984,926</u>	<u>2,704,558</u>	<u>2,630,608</u>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER REVENUE</b>	<u>(262,910)</u>	<u>(881,890)</u>	<u>(678,632)</u>
<b>OTHER REVENUE</b>			
Government transfers for capital (Schedule 3)	1,085,109	424,014	650,639
Local government transfers for capital	-	11,840	165,000
Gain on disposal of tangible capital assets	-	6,089	2,585
Other	-	-	153,000
	<u>1,085,109</u>	<u>441,943</u>	<u>971,224</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>822,199</u>	<u>(439,947)</u>	<u>292,592</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>18,264,031</u>	<u>18,264,031</u>	<u>17,971,439</u>
<b>ACCUMULATED SURPLUS, END OF YEAR (Note 7)</b>	<u>\$ 19,086,230</u>	<u>\$ 17,824,084</u>	<u>\$ 18,264,031</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF WABAMUN****Statement of Changes in Net Financial Assets****For the Year Ended December 31, 2018**

	2018 (Budget) (Note 16)	2018 (Actual)	2017 (Actual)
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 822,199	\$ (439,947)	\$ 292,592
Acquisition of tangible capital assets	(3,989,886)	(2,524,352)	(1,973,265)
Amortization of tangible capital assets	-	633,562	611,851
Proceeds on disposal of tangible capital assets	-	76,134	45,942
Loss on sale of tangible capital assets	-	(6,090)	(2,585)
	(3,167,687)	(2,260,694)	(1,025,465)
(Acquisition) use of prepaid expenses	-	-	2,126
<b>DECREASE IN NET FINANCIAL ASSETS</b>	(3,167,687)	(2,260,694)	(1,023,339)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	5,603,407	5,603,407	6,626,746
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	\$ 2,435,720	\$ 3,342,713	\$ 5,603,407

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF WABAMUN**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ (439,947)	\$ 292,592
Non-cash items not included in excess of revenue over expenses:		
Amortization	633,562	611,851
Gain on disposal of tangible capital assets	(6,089)	(2,585)
	<u>187,526</u>	<u>901,858</u>
Changes in non-cash working capital balances related to operations:		
Receivables	84,296	(467,587)
Land held for resale	(86,111)	(312,663)
Accounts payable and accrued liabilities	445,443	(66,317)
Deferred revenue	341,834	(425,460)
Deposit liabilities	4,082	(500)
Prepaid expenses	-	2,126
	<u>789,544</u>	<u>(1,270,401)</u>
Cash flow from (used by) operating activities	<u>977,070</u>	<u>(368,543)</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(2,524,352)	(1,973,265)
Proceeds on sale of tangible capital assets	76,134	45,942
Cash flow used by capital activities	<u>(2,448,218)</u>	<u>(1,927,323)</u>
<b>FINANCING ACTIVITIES</b>		
Purchase of investments	(2,039)	(1,741)
<b>DECREASE IN CASH FLOW</b>	<u>(1,473,187)</u>	<u>(2,297,607)</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>2,829,644</u>	<u>5,127,251</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,356,457</u>	<u>\$ 2,829,644</u>

The accompanying notes are an integral part of these financial statements.



**VILLAGE OF WABAMUN****Schedule of Equity in Tangible Capital Assets  
For the Year Ended December 31, 2018****(Schedule 1)**

	<b>2018</b>	2017
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 12,660,624</b>	\$ 11,342,567
Acquisition of tangible capital assets	<b>2,524,352</b>	1,973,265
Amortization of tangible capital assets	<b>(633,562)</b>	(611,851)
Net book value of tangible capital assets disposed of	<b>(70,043)</b>	(43,357)
<b>BALANCE, END OF YEAR</b>	<b>\$ 14,481,371</b>	\$ 12,660,624
Equity in tangible capital assets is comprised of the following:		
Tangible capital assets (net book value)	<b>\$ 14,481,371</b>	\$ 12,660,624

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF WABAMUN****Schedule of Property Taxes****(Schedule 2)****For the Year Ended December 31, 2018**

	2018 (Budget) (Note 15)	2018 (Actual)	2017 (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 852,322	\$ 852,322	\$ 823,464
Linear property taxes	162,859	162,859	145,684
	<u>1,015,181</u>	<u>1,015,181</u>	<u>969,148</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	251,132	251,484	239,018
Meridian Foundation	4,220	4,220	3,800
	<u>255,352</u>	<u>255,704</u>	<u>242,818</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u>\$ 759,829</u>	<u>\$ 759,477</u>	<u>\$ 726,330</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF WABAMUN**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2018**

**(Schedule 3)**

	2018 (Budget) (Note 15)	2018 (Actual)	2017 (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 36,554	\$ 52,761	\$ 69,524
Local governments	15,000	6,171	30,127
	<u>51,554</u>	<u>58,932</u>	<u>99,651</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government conditional transfers	1,085,109	424,014	650,639
Local governments	-	11,840	165,000
	<u>1,085,109</u>	<u>435,854</u>	<u>815,639</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 1,136,663</u>	<u>\$ 494,786</u>	<u>\$ 915,290</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF WABAMUN**  
**Schedule of Segmented Information**  
**For the Year Ended December 31, 2018**

**(Schedule 4)**

	General Administration	Transportation	Protective Services	Recreation & Culture	Environmental Services	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 322,724	\$ 582,710	\$ 51,253	\$ 125,018	\$ -	\$ (322,228)	\$ 759,477
Sales and user charges	818	-	16,655	69,726	653,188	7,263	747,650
Government transfers	-	22,460	-	9,522	-	26,950	58,932
Franchise fees & concession contracts	54,619	-	-	-	-	-	54,619
Rentals	5,568	-	26,100	14,043	-	-	45,711
Other	22,129	35,102	-	4,847	200	27,791	90,069
Interest	41,464	-	-	-	-	-	41,464
Penalties and costs on taxes	10,383	-	-	-	-	-	10,383
Licenses and permits	7,670	-	1,085	-	-	1,850	10,605
Fines	-	-	3,758	-	-	-	3,758
	<u>465,375</u>	<u>640,272</u>	<u>98,851</u>	<u>223,156</u>	<u>653,388</u>	<u>(258,374)</u>	<u>1,822,668</u>
<b>EXPENSES</b>							
Salaries, wages and benefits	311,526	241,352	-	18,126	38,501	57,926	667,431
Contracted services	96,878	241,217	47,939	56,554	171,160	21,623	635,371
Materials, goods, and supplies	13,623	67,495	40,343	67,153	23,980	30,014	242,608
Purchases from other governments	-	-	-	-	211,086	-	211,086
Utilities and telephone	19,442	81,744	8,965	39,091	58,053	1,200	208,495
Insurance	19,495	8,464	1,604	42,232	18,235	65	90,095
Transfers to local boards and agencies	4,411	-	-	-	-	11,499	15,910
	<u>\$ 465,375</u>	<u>\$ 640,272</u>	<u>\$ 98,851</u>	<u>\$ 223,156</u>	<u>\$ 521,015</u>	<u>\$ 122,327</u>	<u>\$ 2,070,996</u>
<b>NET REVENUE (DEFICIT) BEFORE AMORTIZATION</b>	-	-	-	-	132,373	(380,701)	(248,328)
Amortization	32,751	152,529	6,343	228,046	212,309	1,584	633,562
<b>NET REVENUE (DEFICIT)</b>	<u>\$ (32,751)</u>	<u>\$ (152,529)</u>	<u>\$ (6,343)</u>	<u>\$ (228,046)</u>	<u>\$ (79,936)</u>	<u>\$ (382,285)</u>	<u>\$ (881,890)</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF WABAMUN**

**Schedule of Segmented Information  
For the Year Ended December 31, 2017**

**(Schedule 4)**

	General Administration	Transportation	Protective Services	Recreation & Culture	Environmental Services	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 218,639	\$ 438,607	\$ 77,561	\$ 104,074	\$ -	\$ (112,551)	\$ 726,330
Sales and user charges	1,496	-	5,612	47,461	645,477	3,535	703,581
Other	32,984	2,698	3,812	11,460	142,862	28,244	222,060
Government transfers	-	50,672	-	31,337	-	17,642	99,651
Rentals	5,231	-	20,100	54,263	-	-	79,594
Interest	58,528	-	-	-	-	-	58,528
Franchise fees & concession contracts	42,011	-	-	-	-	-	42,011
Penalties and costs on taxes	9,119	-	-	-	-	-	9,119
Licenses and permits	5,252	-	950	-	-	1,050	7,252
Fines	-	-	3,851	-	-	-	3,851
	<u>373,260</u>	<u>491,977</u>	<u>111,886</u>	<u>248,595</u>	<u>788,339</u>	<u>(62,080)</u>	<u>1,951,977</u>
<b>EXPENSES</b>							
Contracted services	\$ 81,899	\$ 114,431	\$ 50,882	\$ 80,462	\$ 289,290	\$ 26,947	\$ 643,911
Salaries, wages and benefits	234,715	236,492	148	33,314	29,733	69,809	604,211
Purchases from other governments	-	-	-	-	247,800	-	247,800
Utilities and telephone	18,781	76,520	9,007	56,149	61,948	1,200	223,605
Materials, goods, and supplies	9,809	56,650	50,064	39,241	12,891	21,293	189,948
Insurance	23,645	7,884	1,785	39,429	17,443	300	90,486
Transfers to local boards and agencies	4,411	-	-	-	-	14,386	18,797
	<u>373,260</u>	<u>491,977</u>	<u>111,886</u>	<u>248,595</u>	<u>659,105</u>	<u>133,935</u>	<u>2,018,758</u>
<b>NET REVENUE (DEFICIT) BEFORE AMORTIZATION</b>	-	-	-	-	129,234	(196,015)	(66,781)
Amortization	32,992	138,759	7,835	225,442	205,241	1,582	611,851
<b>NET REVENUE (DEFICIT)</b>	<u>\$ (32,992)</u>	<u>\$ (138,759)</u>	<u>\$ (7,835)</u>	<u>\$ (225,442)</u>	<u>\$ (76,007)</u>	<u>\$ (197,597)</u>	<u>\$ (678,632)</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF WABAMUN**  
**Notes to Financial Statements**  
**December 31, 2018**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Village of Wabamun (the "Village") are the representations of management, prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Village are as follows:

*(a) Reporting Entity*

The financial statements reflect the assets, liabilities, revenues and expenses, and cash flows of the reporting entity. The entity is comprised of all the organizations that are owned or controlled by the Village and are, therefore, accountable to Village Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education that are not part of the reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties.

*(b) Basis of Accounting*

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

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 are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, the Town has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

*(c) Use of Estimates*

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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

*(d) Cash and Cash Equivalents*

Cash and cash equivalents is comprised of items that are readily convertible to known amount of cash and are subject to an insignificant risk of change in value.

*(e) Investments*

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

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**VILLAGE OF WABAMUN**  
**Notes to Financial Statements**  
**December 31, 2018**

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

*(f) Tax Revenue*

Property taxes are recognized as revenue in the year they are levied.

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from propriety owners for work performed by the Village and are recognized as revenue in the year the tax is levied.

*(g) Land Held for Resale*

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets.

*(h) Inventory*

Inventories are valued at the lower of cost and net realizable value with cost determined by the average cost method.

*(i) Tangible Capital Assets*

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, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Land improvements	20 years
Building Fixed Assets	50 Years
Engineered structures	10 - 75 years
Vehicles	8 - 12 years
Machinery and equipment	5 - 20 years
Engineered structures	

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

Works of art for display are not recorded as tangible capital assets but are disclosed.

*(j) Non-Financial Assets*

Non-financial 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

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**VILLAGE OF WABAMUN**  
**Notes to Financial Statements**  
**December 31, 2018**

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

*(k) Over-levy and Under-levy*

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

*(l) Contaminated Sites*

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation on contaminated sites is recognized, net of any recoveries, when an environmental standard exists, contamination exceeds the environmental standard, the Town is directly responsible for or accepts responsibility for the liability, future economic benefits will be given up, and a reasonable estimate of the liability can be made.

*(m) Equity in Capital Assets*

Equity in capital assets represents the Villages's net investment in its capital assets after deducting the portion financed by third parties through debenture, bond and mortgage debts, long term capital borrowings, capitalized leases and other capital liabilities which will be repaid by the municipality.

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**VILLAGE OF WABAMUN**  
**Notes to Financial Statements**  
**December 31, 2018**

**2. CASH AND CASH EQUIVALENTS**

	<u>2018</u>	<u>2017</u>
Other	\$ 20,419	\$ 30,533
Operating account	1,357,418	1,178,784
Guaranteed Investment Certificates	-	1,641,707
Subtotal	<u>1,377,837</u>	<u>2,851,024</u>
Less: cash held in trust (Note 12)	<u>(21,380)</u>	<u>(21,380)</u>
	<u>\$ 1,356,457</u>	<u>\$ 2,829,644</u>

**3. INVESTMENTS**

	<u>2018</u>	<u>2017</u>
Servus Credit Union common shares	\$ 53,793	\$ 51,754
Alberta Municipal Financial Corporation shares	10	10
	<u>\$ 53,803</u>	<u>\$ 51,764</u>

**4. RECEIVABLES**

	<u>2018</u>	<u>2017</u>
Trade and other	\$ 426,348	\$ 519,132
Goods and Services Tax rebate	74,614	74,700
Utilities	66,684	68,606
Taxes and grants in place of taxes	53,543	35,462
Local improvement taxes	<u>44,665</u>	<u>52,251</u>
	<u>\$ 665,854</u>	<u>\$ 750,151</u>

Local Improvement Taxes

- a) The Village passed Bylaw 05-2003 authorizing Council to provide for a local improvement to complete an extension of a sanitary sewer forcemain in the Westview Estates Subdivision. The total cost of the local improvement was \$130,000, is repayable in 20 annual instalments of \$10,878 including interest at a fixed rate of 5.50% per annum maturing September 2023.
- b) The Village passed Bylaw 01-2003 authorizing Council to provide for a local improvement to complete an extension of a sanitary sewer forcemain north of 52 Avenue in line with 47 Street to the south boundary of Lot 1, Block 11, Plan 022-5897. The total cost of the local improvement was \$25,000, is repayable in 20 annual instalments of \$2,092 including interest at a fixed rate of 5.50% per annum maturing September 2023.

**VILLAGE OF WABAMUN**  
**Notes to Financial Statements**  
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**5. TANGIBLE CAPITAL ASSETS**

	2018 Net Book Value	2017 Net Book Value
Engineered Structures		
Water systems	\$ 6,230,648	\$ 5,547,916
Roadway systems	2,964,890	2,471,314
Wastewater systems	1,572,107	1,307,891
Electrical systems	823,046	553,841
	<b>11,590,691</b>	9,880,962
Buildings	1,666,812	1,670,350
Machinery and equipment	544,379	563,218
Land	231,930	231,930
Land improvements	336,950	213,146
Vehicles	110,609	101,018
	<b>\$ 14,481,371</b>	<b>\$ 12,660,624</b>

	Cost Beginning of Year	Purchased Additions	Disposals	Transfers	Cost End of Year
Engineered Structures					
Roadway systems	\$ 8,449,361	\$ 714,854	-	-	\$ 9,164,215
Water systems	7,471,099	835,863	-	-	8,306,962
Wastewater systems	2,660,608	320,543	-	-	2,981,151
Other	600,145	290,502	-	-	890,647
	19,181,213	2,161,762	-	-	21,342,975
Buildings	3,585,809	73,811	28,029	-	3,631,591
Machinery and equipment	1,734,961	84,656	52,457	-	1,767,160
Land	231,930	-	-	-	231,930
Land improvements	893,151	168,123	-	-	1,061,274
Vehicles	212,448	36,000	22,557	-	225,891
	<b>\$ 25,839,512</b>	<b>\$ 2,524,352</b>	<b>\$ 103,043</b>	<b>\$ -</b>	<b>\$ 28,260,821</b>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered Structures					
Roadway systems	\$ 5,978,047	\$ 221,278	-	-	\$ 6,199,325
Water systems	1,923,183	153,131	-	-	2,076,314
Wastewater systems	1,352,717	56,327	-	-	1,409,044
Other	46,304	21,297	-	-	67,601
	9,300,251	452,033	-	-	9,752,284
Buildings	1,915,459	77,349	(28,029)	-	1,964,779
Land improvements	680,005	44,319	-	-	724,324
Vehicles	111,430	7,075	(3,223)	-	115,282
Machinery and equipment	1,171,743	52,786	(1,748)	-	1,222,781
	<b>\$ 13,178,888</b>	<b>\$ 633,562</b>	<b>\$ (33,000)</b>	<b>\$ -</b>	<b>\$ 13,779,450</b>

**VILLAGE OF WABAMUN**  
**Notes to Financial Statements**  
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**6. DEFERRED REVENUE**

Deferred revenue consists of funds received which are restricted to costs of future periods.

	<u>2018</u>	<u>2017</u>
Coal Transition Grant	\$ 343,040	\$ -
Other	3,400	4,606
	<u>\$ 346,440</u>	<u>\$ 4,606</u>

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**7. ACCUMULATED SURPLUS**

	<u>2018</u>	<u>2017</u>
Unrestricted surplus	\$ 1,252,656	\$ 3,292,173
Restricted surplus		
Reserves	2,090,057	2,311,234
Equity in tangible capital assets ( <i>Schedule 1</i> )	<u>14,481,371</u>	<u>12,660,624</u>
	<u>\$ 17,824,084</u>	<u>\$ 18,264,031</u>

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**8. CREDIT FACILITY**

The Village has a demand credit facility with its financial institution for a maximum amount of \$700,000 bearing interest at 1.45%. No amounts were drawn as at December 31, 2018 or 2017.

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**9. CONTINGENCIES**

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

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**VILLAGE OF WABAMUN**  
**Notes to Financial Statements**  
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**10. CONTRACTUAL OBLIGATIONS**

The Village has entered into an agreement for waste hauling services for the period June 1, 2013 - May 31, 2018. The estimated cost of these services is approximately \$70,000 annually. Future requirements will be adjusted based on the Consumer Price Index as calculated by Statistics Canada each year with the increase / decrease to take effect on January 1 of each year.

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**11. DEBT LIMITS**

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Wabamun be disclosed as follows:

	<u>2018</u>	<u>2017</u>
Total debt limit	\$ 2,734,002	\$ 2,927,964
Total debt	-	-
<b>Total debt limit remaining</b>	<b>\$ 2,734,002</b>	<b>\$ 2,927,964</b>
Service on debt limit	\$ 455,667	\$ 487,994
Service on debt	-	-
<b>Total service on debt limit remaining</b>	<b>\$ 455,667</b>	<b>\$ 487,994</b>

The debt limit is calculated at 1.5 times revenue of the Village (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a financial risk if further debt is acquired. The calculation taken alone does not represent the stability of the Town. Rather, the financial statements must be interpreted as a whole.

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**12. FUNDS HELD IN TRUST**

The Village administers the following trust funds on behalf of third parties. As related trust assets are not owned by the Village, the trusts have been excluded from the financial statements.

	<u>2018</u>	<u>2017</u>
Rescue Boat	\$ 10,731	\$ 10,731
Fire Department	6,113	6,113
Youth Council	3,133	3,133
Wabamun Medical Clinic Foundation	1,403	1,403
	<b>\$ 21,380</b>	<b>\$ 21,380</b>

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**VILLAGE OF WABAMUN**  
**Notes to Financial Statements**  
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**13. SALARIES AND BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for Village officials, the Village Chief Administrator Officer and designated officers are required by Alberta Regulation 313/2000 is as follows:

	Salary (1)	Benefits (2)	2018	2017
Mayor Smylie	\$ 11,375	\$ 203	\$ 11,578	\$ 9,589
Councillors				
Wiggins	8,038	93	<b>8,131</b>	7,122
Purdy	7,025	60	<b>7,085</b>	1,385
Griffiths	6,650	48	<b>6,698</b>	1,378
Wittmeier	4,718	46	<b>4,764</b>	1,832
Gallacher	1,138	9	<b>1,147</b>	-
Erickson	-	-	-	6,247
Little	-	-	-	3,293
Pasko	-	-	-	2,841
	<b>\$ 38,944</b>	<b>\$ 459</b>	<b>\$ 39,403</b>	<b>\$ 33,687</b>
Chief Administrative Officer	\$ 113,343	\$ 30,651	\$ 143,994	\$ 140,327

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

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

(3) Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances and club memberships.

**14. LOCAL AUTHORITIES PENSION PLAN**

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. The LAPP serves approximately 200,000 people and 418 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenses in the year in which they become due.

The Village is required to make current service contributions to the LAPP of 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 9.39% of pensionable earnings up to the year's maximum pensionable earnings and 13.84% on pensionable earnings above this amount.

Total current service contributions by the Village to the LAPP in 2018 were \$49,501 (2017 - \$35,186). Total current service contributions by the employees of the Village to the LAPP in 2018 were \$45,205 (2017 - \$32,387).

At December 31, 2017, the Plan disclosed an actuarial surplus of \$4.835 billion (2016 - \$637.4 million deficit).

**VILLAGE OF WABAMUN**  
**Notes to Financial Statements**  
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**15. FINANCIAL INSTRUMENTS**

The Villages's financial instruments consist of cash and cash equivalents, receivables, and accounts payable and accrued liabilities. It is management's opinion that the Village is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

The Village is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the Village's credit risk.

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**16. SEGMENTED INFORMATION**

The Village provides a range of services to its citizens. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see the Schedule of Segmented Disclosure (Schedule 4).

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**17. BUDGET FIGURES**

The 2018 budget data presented in these financial statements is based on the operating and capital budgets approved by Council on June 5, 2018. The chart below reconciles the approved financial plan to the figures reported in these financial statements.

	<u>2018 Budget</u>	<u>2018 Actual</u>	
Annual surplus (deficit)	\$ 822,199	\$ (439,947)	\$
Amortization expense	-	<b>633,562</b>	
Loss (gain) on disposal of tangible capital assets	-	<b>(6,089)</b>	
Purchase of tangible capital assets	(3,989,886)	<b>(2,524,352)</b>	
Net transfers (to) from reserves	3,167,687	<b>221,177</b>	
	<u>\$ -</u>	<u>\$ (2,115,649)</u>	\$

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**18. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by Council and management.

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