

# **City of Wetaskiwin**

## **Consolidated Financial Statements**

**December 31, 2018**

# City of Wetaskiwin

December 31, 2018

## CONTENTS

Consolidated Financial Statements	
Auditor's Report	
Consolidated statement of financial position	1
Consolidated statement of operations and accumulated surplus	2
Consolidated statement of change in net financial assets (debt)	3
Consolidated statement of cash flows	4
Schedule 1 - Changes in accumulated surplus (deficit)	5
Schedule 2 - Tangible capital assets	6
Schedule 3 - Property and other taxes	7
Schedule 4 - Government transfers	8
Schedule 5 - Consolidated expenses by object	9
Schedule 6 - Segmented disclosure	10
Notes to the consolidated financial statements	11 - 26



# Grant Thornton

An instinct for growth™

---

Grant Thornton LLP  
5108 51st Avenue  
Wetaskiwin, AB  
T9A 0V2  
T +1 780 352 1679  
F +1 780 352 2451

## Independent auditor's report

**To His Worship the Mayor and  
Members of the Council of the City of Wetaskiwin**

### **Opinion**

We have audited the consolidated financial statements of City of Wetaskiwin ("the City"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the financial position of City of Wetaskiwin as at December 31, 2018, and its results of operations, its changes in its net debt, 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the City 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 these 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 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.

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

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

### **Auditor's 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 City'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 City'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 City 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.

Wetaskiwin, Canada  
June 24, 2019

*Grant Thornton LLP*

Chartered Professional Accountants


**City of Wetaskiwin**  
**Consolidated statement of financial position**

December 31,	2018	2017
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	\$ 11,092,728	\$ 4,818,897
Receivables		
Taxes and grants in place of taxes (Note 3)	1,930,392	1,399,469
Taxes local improvements current	16,832	47,525
Trade and other receivables	4,292,329	7,984,128
Receivables		
Taxes local improvements long term	60,246	77,078
Land for resale inventory	598,887	598,887
Investments (Note 4)	5,366,108	5,012,250
	<u>23,357,522</u>	<u>19,938,234</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,178,047	3,441,232
Deposit liabilities	1,058,595	750,089
Deferred revenue (Note 5)	1,760,072	2,086,276
Vacation, overtime accrual (Note 6)	307,717	441,869
Landfill closure and post-closure costs (Note 7)	3,625,045	3,551,345
Long term debt (Note 9)	25,780,436	25,848,532
	<u>35,709,912</u>	<u>36,119,343</u>
<b>Net financial assets (debt)</b>	<u>(12,352,390)</u>	<u>(16,181,109)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 2) and (Note 11)	143,146,382	140,710,062
Inventory for consumption	402,053	588,015
Prepaid expenses	151,396	93,790
	<u>143,699,831</u>	<u>141,391,867</u>
<b>Accumulated surplus (Note 13)</b>	<u>\$ 131,347,441</u>	<u>\$ 125,210,758</u>

Commitments and contingencies (Note 19) and (Note 20)

Approved on behalf of the City Council

Mayor



Councilor



See accompanying notes to the consolidated financial statements.

**City of Wetaskiwin****Consolidated statement of operations and accumulated surplus**

Year ended December 31,	Budget	2018	2017
<b>Revenues</b>			
Net municipal taxes (Schedule 3)	\$ 15,768,855	\$ 15,581,040	\$ 15,274,453
User fees and sale of goods	10,303,806	10,242,311	9,801,677
Government transfers for operating (Schedule 4)	1,508,082	1,595,733	1,575,623
Investment income	153,071	336,309	265,147
Penalties and cost of taxes	231,405	274,955	233,869
Franchise contracts	2,003,500	2,120,774	2,510,543
Development levies	-	15,400	3,000
Rentals	621,847	640,129	604,142
Licenses, permits and fines	772,696	634,492	786,437
Other	432,725	1,730,791	664,325
<b>Total Revenue</b>	<b>31,795,987</b>	<b>33,171,934</b>	<b>31,719,216</b>
<b>Expenditures</b>			
<b>Operating</b>			
Legislative	397,935	388,527	431,150
Administration	3,681,693	3,362,794	3,448,834
Protective services	5,801,574	5,566,184	5,442,191
Roads, streets, walks, lighting, and airport	6,325,300	6,353,833	5,355,014
Water supply and distribution	3,488,961	3,369,983	3,211,309
Wastewater treatment and disposal	1,561,415	1,461,102	1,187,729
Waste management	1,615,899	1,301,281	1,339,785
Family and community support	468,797	604,668	678,555
Subdivision land development	1,046,246	1,089,183	1,167,645
Parks and recreation	5,769,414	6,401,610	5,818,907
Culture	1,116,547	1,124,881	1,154,505
<b>Total Expenses</b>	<b>31,273,781</b>	<b>31,024,046</b>	<b>29,235,624</b>
<b>Excess (shortfall) of revenue over expenses - before other</b>	<b>522,206</b>	<b>2,147,888</b>	<b>2,483,592</b>
<b>Other</b>			
Acquisition of Wetaskiwin Transit (Note 26)	-	266,458	-
Government transfers for capital (Schedule 4)	10,000	3,722,337	4,160,695
<b>Excess of revenue over expenses</b>	<b>532,206</b>	<b>6,136,683</b>	<b>6,644,287</b>
<b>Accumulated surplus, beginning of year</b>	<b>125,210,758</b>	<b>125,210,758</b>	<b>118,566,471</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 125,742,964</b>	<b>\$ 131,347,441</b>	<b>\$ 125,210,758</b>

See accompanying notes to the consolidated financial statements.

---

**City of Wetaskiwin****Consolidated statement of change in net financial assets (debt)**

Year ended December 31,	Budget	2018	2017
<b>Excess of revenue over expenses</b>	<u>\$ 532,206</u>	<u>\$ 6,136,683</u>	<u>\$ 6,644,287</u>
Acquisition of tangible capital assets	-	(8,309,310)	(10,073,687)
Proceeds on the disposal of tangible capital assets	-	269,852	230,805
Amortization of tangible capital assets	6,149,100	5,518,028	5,383,451
Loss on disposal of tangible capital assets	-	85,586	(124,669)
	<u>6,149,100</u>	<u>(2,435,844)</u>	<u>(4,584,100)</u>
Change in supplies inventory	-	185,962	(7,255)
Change in prepaid assets	-	(58,082)	2,547
	-	<u>127,880</u>	<u>(4,708)</u>
<b>Decrease (increase) in net financial debt</b>	<u>6,681,306</u>	<u>3,828,719</u>	<u>2,055,479</u>
Net financial debt, beginning of year	<u>(16,181,109)</u>	<u>(16,181,109)</u>	<u>(18,236,588)</u>
<b>Net financial debt, end of year</b>	<u>\$ (9,499,803)</u>	<u>\$ (12,352,390)</u>	<u>\$ (16,181,109)</u>

---

See accompanying notes to the consolidated financial statements.

**City of Wetaskiwin**  
**Consolidated statement of cash flows**

Year ended December 31,	2018	2017
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	\$ 6,136,683	\$ 6,644,287
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	5,518,027	5,383,451
Loss (Gain) on disposal of tangible capital assets	85,586	(124,669)
Acquisition	-	-
	<u>11,740,296</u>	<u>11,903,069</u>
Non-cash charges to operations (net changes):		
Decrease (increase) in taxes and grants in place receivables	(483,399)	(98,858)
Decrease (increase) in land improvement receivables	-	47,525
Decrease (increase) in trade and other receivables	3,691,798	(5,319,379)
Decrease (increase) in inventory for consumption	185,962	(7,255)
Decrease (increase) in prepaids	(57,602)	2,549
Increase (decrease) in accounts payable and accrued liabilities	(263,185)	(163,078)
Increase (decrease) in deposit liabilities	308,506	(77,272)
Increase (decrease) in deferred revenue	(326,204)	1,188,581
Increase (decrease) in employee benefit obligations	(134,152)	47,589
Increase (decrease) in landfill closure and post-closure costs	73,700	129,790
	<u>14,735,720</u>	<u>7,653,261</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(8,309,310)	(10,073,687)
Proceeds on disposal of tangible capital assets	269,375	230,805
	<u>(8,039,935)</u>	<u>(9,842,882)</u>
<b>Investing activities</b>		
Decrease (increase) in investments	(353,858)	(40,790)
<b>Financing activities</b>		
Long term debt issued	1,600,000	-
Long term debt/capital lease obligation repaid	(1,668,096)	(1,571,084)
	<u>(68,096)</u>	<u>(1,571,084)</u>
<b>Change in cash equivalents during the year</b>	<b>6,273,831</b>	<b>(3,801,495)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>4,818,897</b>	<b>8,620,392</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 11,092,728</b>	<b>\$ 4,818,897</b>

See accompanying notes to the consolidated financial statements.



**City of Wetaskiwin**

**Schedule 1 - Changes in accumulated surplus (deficit)**

Year ended December 31,	Unrestricted surplus (deficit)	Restricted surplus	Equity in tangible capital assets	2018 Total	2017 Total
<b>Balance, beginning of year</b>	\$ 3,214,028	\$ 7,135,200	\$ 114,861,530	\$ 125,210,758	\$ 118,566,471
Excess of revenue over expense	6,136,683	-	-	6,136,683	6,644,287
Unrestricted funds designated for future use	(7,072,376)	7,072,376	-	-	-
Restricted funds used for operations	3,818,180	(3,818,180)	-	-	-
Contributed tangible capital assets	(6,709,310)	-	6,709,310	-	-
Disposal of tangible capital assets	354,962	-	(354,962)	-	-
Annual amortization expense	5,518,028	-	(5,518,028)	-	-
Long term debt repaid	(1,668,096)	-	1,668,096	-	-
<b>Changes in accumulated surplus (deficit)</b>	<u>378,071</u>	<u>3,254,196</u>	<u>2,504,416</u>	<u>6,136,683</u>	<u>6,644,287</u>
<b>Balance, end of year</b>	\$ <u>3,592,099</u>	\$ <u>10,389,396</u>	\$ <u>117,365,946</u>	\$ <u>131,347,441</u>	\$ <u>125,210,758</u>

See accompanying notes to the consolidated financial statements.

**City of Wetaskiwin**  
**Schedule 2 - Tangible capital assets**

Year ended December 31,	Engineering structures	Buildings	Machinery & Equipment	Land	Land improvements	Vehicles	Assets under construction	2018 Total
<b>Cost</b>								
Balance, beginning of year	\$ 138,812,248	\$ 39,906,257	\$ 11,452,169	\$ 2,996,541	\$ 14,895,261	\$ 4,863,785	\$ 2,192,502	\$ 215,118,763
Acquisitions	3,896,004	206,782	653,622	100,705	345,962	689,700	2,416,535	8,309,310
Disposals	-	-	(589,126)	-	-	(300,800)	-	(889,926)
Balance, end of year	142,708,252	40,113,039	11,516,665	3,097,246	15,241,223	5,252,685	4,609,037	222,538,147
<b>Accumulated Amortization</b>								
Balance, beginning of year	(48,998,536)	(8,410,521)	(4,834,670)	-	(9,551,181)	(2,613,793)	-	(74,408,701)
Annual amortization	(3,112,498)	(878,904)	(628,590)	-	(581,780)	(316,256)	-	(5,518,028)
Disposals	-	-	334,084	-	-	200,880	-	534,964
Balance, end of year	(52,111,034)	(9,289,426)	(5,129,176)	-	(10,132,961)	(2,729,169)	-	(79,391,765)
Net book value, end of year	90,597,218	30,823,614	6,387,489	3,097,246	5,108,262	2,523,516	4,609,037	143,146,382
2017, net book value	\$ 89,813,712	\$ 31,495,736	\$ 6,617,499	\$ 2,996,541	\$ 5,344,080	\$ 2,249,992	\$ 2,192,502	\$ 140,710,062

See accompanying notes to the consolidated financial statements.

**City of Wetaskiwin**  
**Schedule 3 - Property and other taxes**

Year ended December 31,	Budget	2018	2017
<b>Taxation</b>			
Real property taxes	\$ 19,572,719	\$ 19,347,573	\$ 18,801,075
Linear property taxes	268,121	302,454	308,219
Government grants in lieu of property taxes	24,433	27,431	11,085
	<u>19,865,273</u>	<u>19,677,458</u>	<u>19,120,379</u>
<b>Requisitions</b>			
Alberta School Foundation Fund	3,503,817	3,503,817	3,286,482
St. Thomas Aquinas Roman Catholic Board	322,197	322,197	299,351
Wetaskiwin and Area Lodge Authority	270,404	270,404	260,093
	<u>4,096,418</u>	<u>4,096,418</u>	<u>3,845,926</u>
<b>Net municipal taxes</b>	<b>\$ 15,768,855</b>	<b>\$ 15,581,040</b>	<b>\$ 15,274,453</b>

See accompanying notes to the consolidated financial statements.

**City of Wetaskiwin**  
**Schedule 4 - Government transfers**

Year ended December 31,	Budget	2018	2017
<b>Transfers for operating</b>			
Provincial government	\$ 1,081,937	\$ 1,168,870	\$ 1,166,879
Other local governments	426,145	426,863	408,744
	<u>1,508,082</u>	<u>1,595,733</u>	<u>1,575,623</u>
<b>Transfers for capital</b>			
Provincial government	10,000	3,722,337	4,160,695
<b>Total government transfers</b>	<u>\$ 1,518,082</u>	<u>\$ 5,318,070</u>	<u>\$ 5,736,318</u>

See accompanying notes to the consolidated financial statements.

**City of Wetaskiwin**  
**Schedule 5 - Consolidated expenses by object**

Year ended December 31,	Budget	2018	2017
<b>Consolidated expenses by object</b>			
Salaries, wages and benefits	\$ 12,363,028	\$ 12,608,140	\$ 11,940,724
Contracted and general services	4,177,980	4,245,673	3,555,247
Purchases from other governments	3,102,700	2,861,176	2,856,096
Materials, goods and utilities	3,970,973	4,262,858	3,788,762
Provisions for allowances	113,500	(60,432)	160,720
Transfers to other governments	27,500	139,463	68,512
Transfers to local boards and agencies	41,750	36,139	202,985
Transfers to individuals and organizations	285,323	296,232	345,186
Bank charges and short term interest	50,000	61,229	64,828
Interest on long-term debt	973,929	969,153	993,718
Amortization of tangible capital assets	6,149,100	5,518,028	5,383,451
Loss on disposal of tangible capital assets	-	85,586	(124,669)
Other operating expenses	18,000	800	64
	<u>\$ 31,273,783</u>	<u>\$ 31,024,045</u>	<u>\$ 29,235,624</u>

See accompanying notes to the consolidated financial statements.

**City of Wetaskiwin  
Schedule 6 - Segmented disclosure**

Year ended December 31,	General government	Protective services	Transportation services	Planning & development	Recreation & culture	Environmental services	Other	2018 Total
<b>Revenues:</b>								
Net municipal taxes	\$ 15,581,040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,581,040
User fees and sale of goods	12,729	53,861	6,428	400	1,015,343	8,972,103	181,447	10,242,311
Government transfers	20,455	565,229	2,859,448	42,206	427,198	909,847	493,687	5,318,070
Investment income	335,625	-	-	-	684	-	-	336,309
Penalties and cost of taxes	231,236	-	-	-	-	43,719	-	274,955
Franchise contracts	2,115,612	-	-	-	5,162	-	-	2,120,774
Development levies	-	-	-	15,400	-	-	-	15,400
Rentals	-	200,400	-	6,271	433,458	-	-	640,129
Licenses, permits and fines	96,765	358,338	-	174,718	-	-	4,671	634,492
Other	437,202	170,695	509,359	30,175	305,552	488,043	56,222	1,997,248
<b>Total revenues</b>	<b>18,830,664</b>	<b>1,348,523</b>	<b>3,375,235</b>	<b>269,170</b>	<b>2,187,397</b>	<b>10,413,712</b>	<b>736,027</b>	<b>37,160,728</b>
<b>Expenses:</b>								
Salaries, wages and benefits	2,382,639	1,686,610	1,852,974	358,116	4,083,561	1,895,267	348,973	12,608,140
Contracted and general services	1,030,564	446,360	551,127	481,715	860,500	854,762	20,645	4,245,673
Purchases from other governments	-	2,861,176	-	-	-	-	-	2,861,176
Materials, goods and utilities	106,795	186,218	1,580,850	69,876	1,046,053	1,171,238	101,828	4,262,858
Provisions for allowances	(62,340)	-	-	-	-	1,908	-	(60,432)
Transfers to other governments	-	-	-	139,463	-	-	-	139,463
Transfers to local boards and agencies	-	-	-	30,239	5,900	-	-	36,139
Transfers to individuals and organizations	-	-	67,175	-	104,417	-	124,640	296,232
Interest on long-term debt	82,207	140,396	20,034	3,096	411,997	311,423	-	969,153
Other expenses	61,229	-	85,586	800	-	-	-	147,615
<b>Total Expenses</b>	<b>3,601,094</b>	<b>5,320,760</b>	<b>4,157,746</b>	<b>1,063,305</b>	<b>6,512,428</b>	<b>4,234,598</b>	<b>596,086</b>	<b>25,506,017</b>
Net revenue before amortization	15,229,570	(3,972,237)	(782,511)	(814,135)	(4,325,031)	6,179,114	139,941	11,654,711
Amortization of tangible capital assets	150,227	245,424	2,196,087	5,877	1,014,063	1,897,768	8,582	5,518,028
<b>Net revenue (deficit)</b>	<b>\$ 15,079,343</b>	<b>\$ (4,217,661)</b>	<b>\$ (2,978,598)</b>	<b>\$ (820,012)</b>	<b>\$ (5,339,094)</b>	<b>\$ 4,281,346</b>	<b>\$ 131,359</b>	<b>\$ 6,136,683</b>

See accompanying notes to the consolidated financial statements.

---

# City of Wetaskiwin

## Notes to the consolidated financial statements

December 31, 2018

---

### 1 Significant Accounting Policies

The consolidated financial statements of the City of Wetaskiwin (the City) are prepared by management in accordance with Public Sector Accounting Standards. Significant accounting policies adopted by the City are as follows:

#### a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and accumulated surplus of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the City and are, therefore, accountable to the City Council for the administration of their financial affairs and resources. They include the following:

- City of Wetaskiwin Fire Department
- City of Wetaskiwin Waterworks and Wastewater Systems
- City of Wetaskiwin Library Board
- City of Wetaskiwin Waste Management
- City of Wetaskiwin Family and Social Services
- City of Wetaskiwin Memorial Cemetery
- Wetaskiwin Community Transportation Society

The schedule of taxes levied also includes requisitions for educational, health, social and other external social organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated

#### b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenditures 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, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenditures are incurred, services performed or tangible capital assets are acquired.

#### c) Use of estimates

The preparation on financial statements in conformity with 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 expenditures during the period.

---

# City of Wetaskiwin

## Notes to the consolidated financial statements

December 31, 2018

---

### 1 Significant Accounting Policies

#### c) Use of estimates

Significant estimates include assumptions used in estimating provisions for allowances for doubtful accounts, historical cost of tangible capital assets and expected useful life, landfill post-closure liability and in performing actuarial valuations of employee future benefits. Actual results could differ from those estimates.

#### d) 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 the value that is other than a temporary decline, the respective investment is written down to recognize the loss.

#### e) Debt charges recoverable

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

#### f) Requisition 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.

#### g) Inventories 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 physical assets under their respective function.

#### h) Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from the municipal reserve.

#### i) Prepaid local improvement charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special



---

# City of Wetaskiwin

## Notes to the consolidated financial statements

December 31, 2018

---

### 1 Significant Accounting Policies

#### i) Prepaid local improvement charges

assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Revenue from local improvements are recognized when a new local improvement is approved by Council.

#### j) Landfill closure and post-closure liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the City is required to fund 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, 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.

#### k) Contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in a productive use and is management's estimate of the cost of the post-remediation including operation, maintenance and monitoring. Standard PS3260 was applied on a prospective basis.

#### l) Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

#### m) 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 expenditures, provides the consolidated change in financial assets (debt) for the year.

#### n) 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 of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

---

# City of Wetaskiwin

## Notes to the consolidated financial statements

December 31, 2018

---

### 1 Significant Accounting Policies

#### n) Tangible capital assets

	<b>2018 Useful life (years)</b>
Land improvements	2 - 25
Buildings	10 - 50
Engineered structures	
Water system	45 - 75
Wastewater system	45 - 75
Other engineered structures	15 - 75
Machinery and equipment	3 - 38
Vehicles	3 - 25

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

#### i Contributions of tangible capital assets

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

#### ii Leases

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 assets. All other leases are accounted for as operating leases and the related lease payments are charged to expenditures as incurred.

#### iii Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

#### iv Cultural and historical tangible capital assets

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

#### o) Future accounting changes

The following summarizes upcoming changes to Canadian Public Sector Accounting Standards issued by the Public Sector Accounting Standards Board. In 2018, the City will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently. The requirements in Financial Statement Presentation (PS1201), Financial Instruments (PS3450), Foreign Currency Translations (PS2601) and Portfolio Investments (PS3041) must be implemented at the same time

---

**City of Wetaskiwin**  
**Notes to the consolidated financial statements**

December 31, 2018

---

**1 Significant Accounting Policies**

**o) Future accounting changes**

<b>Public Sector Accounting Standard</b>	<b>Name</b>	<b>Effective Date (fiscal year beginning on or after...)</b>
PS 1201	Financial Statement Presentation	April 1, 2021
PS 2601	Foreign Currency Translation	April 1, 2021
PS 3041	Portfolio Investment	April 1, 2021
PS 3280	Asset Retirement Obligations	April 1, 2021
PS 3400	Revenue	April 1, 2022
PS 3450	Financial Instruments	April 1, 2021

---

**2 Cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
Cash	\$ 4,685	\$ 4,685
Temporary investments(Note 4)	179,828	262,783
Cash in bank, net of outstanding cheques and deposits	<u>10,908,215</u>	<u>4,551,429</u>
	<b>\$ 11,092,728</b>	<b>\$ 4,818,897</b>

Temporary investments are short-term deposits with original maturities of three months or less. Short term notes and deposits have effective interest rates of 0.00% to 1.35% (2017 – 0.00% to 0.95%) and mature in less than one year or have callable features.

Included in cash and cash equivalents is a restricted amount of \$321,298 (2017 – \$511,957) held for operations, debenture funds for capital expenditures \$1,438,774 (2017 – \$1,574,319) received from the province and held exclusively for capital transportation and infrastructure projects.

---

---

**City of Wetaskiwin**  
**Notes to the consolidated financial statements**

December 31, 2018

---

**3 Taxes and grants in place of taxes receivables**

	<u>2018</u>	<u>2017</u>
Current taxes and grants in place of taxes	\$ 1,930,392	\$ 1,399,469
Arrears taxes	<u>338,969</u>	<u>457,100</u>
	2,269,361	1,856,569
Less: allowance for doubtful accounts	<u>(338,969)</u>	<u>(457,100)</u>
	<u>\$ 1,930,392</u>	<u>\$ 1,399,469</u>

---

**4 Investments**

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Market value</u>	<u>Cost</u>	<u>Market value</u>
Government and government guaranteed bonds, patronage dividends and other	\$ 5,366,108	\$ 4,856,289	\$ 5,012,250	\$ 4,753,798

Government and government guaranteed bonds have effective interest rates of 2.58% to 9.98% (2017 – 2.58% to 9.98%) with maturity dates from December 31, 2018 to July 25, 2029.

Council has designated funds in the above amounts for the future costs associated with landfill closure and post-closure liability in the amount of \$3,625,045 (2017 – \$3,551,345).

The City holds in trust cash in the amount of \$93,610 (2017 – \$87,393) for various operating programs. These amounts are not included in cash and temporary investments nor are their offsetting trust liabilities included in these financial statements.

---

**City of Wetaskiwin**  
**Notes to the consolidated financial statements**

December 31, 2018

**5 Deferred revenue**

	<b>2018</b>	<b>2017</b>
<b>Operating fund</b>		
Family and Community Support Services	\$ 9,174	\$ 10,162
Utility surcharge	3,648	4,071
Other grant programs	240,267	422,708
Other	68,209	75,016
	<u>321,298</u>	<u>511,957</u>
<b>Capital fund</b>		
Offsite levies	340,838	340,838
Basic capital grant - capital	903,683	580,840
Federal Gas Tax Fund - capital	194,253	630,792
Nordal Properties - capital	-	21,849
	<u>1,438,774</u>	<u>1,574,319</u>
	<u>\$ 1,760,072</u>	<u>\$ 2,086,276</u>

**Basic capital grant program**

Funding in the amount of \$828,845 (2017 – \$826,805) was received or receivable in the current year from Alberta Provincial Government. The use of these funds is restricted to eligible capital infrastructure projects, as approved under the funding agreement. Unexpended funds related to the advances are supported by temporary investments of \$903,683 (2017 – \$580,840) held exclusively for these projects.

**Federal gas tax fund**

Funding in the amount of \$697,975 (2017 – \$680,436) was received or receivable in the current year from the Alberta Provincial Government. The use of these funds is restricted to eligible capital infrastructure projects, as approved under the funding agreement. Unexpended funds related to the advance are supported by temporary investments of \$194,253 (2017 – \$630,792) held exclusively for these projects.

**6 Employee benefit obligations**

	<b>2018</b>	<b>2017</b>
Vacation, overtime accrual	\$ 307,717	\$ 441,869

**Vacation and overtime**

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

---

**City of Wetaskiwin**  
**Notes to the consolidated financial statements**

December 31, 2018

---

**6 Employee benefit obligations**

**Post-employment benefits**

The City of Wetaskiwin sponsors life insurance benefits to qualifying retirees from the date of retirement. The City pays 100% of the cost of the life insurance. The cost of these benefits is recognized as a program expenditure each year.

Total benefit payments on behalf of retirees during the year were \$724 (2017 – \$871).

---

**7 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 total liability is based on the sum of discounted future cash flows for closure and post-closure activities for 16 years after the closure using a discount rate of 2.5% and assuming an annual inflation of 2.0%. 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 215,000 tonnes. The estimated remaining capacity of the landfill site is 206,500 tonnes (2017 – 87,300). The existing landfill site is expected to reach capacity in approximately 2034. The City of Wetaskiwin has adjusted its use of estimates based on a new study completed in 2018, with a prior study being completed in 2014. The City of Wetaskiwin has designated assets for settling closure and post closure liabilities based on the study from 2018.

	<u>2018</u>	<u>2017</u>
Estimated closure costs, in 2034 (2017 - 2027)	\$ 2,687,077	\$ 2,190,500
Estimated post-closure costs	<u>2,044,127</u>	<u>2,529,000</u>
	<u>4,731,204</u>	<u>4,719,500</u>
Portion of total liability remaining to be recognized	<u>1,179,859</u>	<u>1,168,245</u>
Estimated accrued liability portion	3,551,345	3,421,555
Additional liability accrued	<u>73,700</u>	<u>129,790</u>
	<u>\$ 3,625,045</u>	<u>\$ 3,551,345</u>

Management estimates the site has approximately 206,500 tonnes of landfill capacity remaining. With an estimated annual utilization of 8,500 tonnes the landfill has approximately 16 years of life remaining. It is estimated that post-closure care would be required for a period of 25 years.

---

---

## City of Wetaskiwin

### Notes to the consolidated financial statements

December 31, 2018

---

#### 8 Contaminated sites

On January 1, 2015, the City of Wetaskiwin adopted PS 3260 Liability for Contaminated Sites.

As a result of the City of Wetaskiwin assessment of all municipally owned property, it was determined that an estimated financial liability of \$120,000 and was recognized in the 2016 Financial Statements.

The property contained contaminates that had leached into the soil.

The liability was estimated based on data and assessment from Alberta Environment to meet environmental standards. At this time the City of Wetaskiwin feels a reasonable estimate of recovery cannot be determined.

---

#### 9 Long term debt

	<u>2018</u>	<u>2017</u>
Tax supported debentures	\$ 16,686,136	\$ 17,626,652
Self supported debentures	8,873,545	7,756,692
Local improvement debentures	<u>220,755</u>	<u>465,188</u>
	<u>\$ 25,780,436</u>	<u>\$ 25,848,532</u>

The current portion of the long term debt amounts to \$1,771,625 (2017 – \$1,625,794).

Principal and interest repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,771,625	\$ 932,496	\$ 2,704,121
2020	1,805,303	867,307	2,672,610
2021	1,870,633	801,132	2,671,765
2022	1,938,595	732,351	2,670,946
2023	1,778,063	662,020	2,440,083
Thereafter	<u>16,616,217</u>	<u>4,195,050</u>	<u>20,811,267</u>
	<u>\$ 25,780,436</u>	<u>\$ 8,190,356</u>	<u>\$ 33,970,792</u>

Debenture debt is repayable to Alberta Capital Finance Authority and the Federation of Canadian Municipalities and bears interest at rates ranging from 2.00% to 6.34% per annum and matures in periods 2019 through 2043. The average annual interest rate is 4.43% (2017 – 4.55%). Debenture debt is issued on the credit and security of the City of Wetaskiwin at large.

Interest on long-term debt amounted to \$970,379 (2017 – \$993,718).

The City of Wetaskiwin's total cash payments for interest in 2018 were \$969,154 (2017 – \$1,002,891).

---

---

**City of Wetaskiwin**  
**Notes to the consolidated financial statements**

December 31, 2018

---

**10 Debt limits**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/10 for the city of Wetaskiwin be disclosed as follows:

	<u>2018</u>	<u>2017</u>
Total debt limit	\$ 49,757,901	\$ 47,578,824
Total debt	<u>25,780,436</u>	<u>25,848,532</u>
Amount of debt limit unused	23,977,465	21,730,292
Debt servicing limit	8,292,984	7,929,804
Debt servicing	<u>2,704,121</u>	<u>2,570,776</u>
Amount of debt servicing limit unused	<u>\$ 5,588,863</u>	<u>\$ 5,359,028</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) 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 that could be a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statement must be interpreted as a whole.

---

**11 Tangible capital assets**

	<u>2018</u>	<u>2017</u>
<b>Net book value</b>		
Engineering structures		
Roadway systems	\$ 29,450,227	\$ 29,934,514
Water systems	37,958,786	36,764,133
Wastewater systems	15,042,712	14,801,087
Storm systems	8,082,701	8,245,809
Fibre optics	62,792	68,169
Buildings	30,823,614	31,495,736
Machinery & equipment	6,387,489	6,617,499
Land	3,097,246	2,996,541
Land improvements	5,108,262	5,344,080
Vehicles	2,523,516	2,249,992
Assets under construction	<u>4,609,037</u>	<u>2,192,502</u>
	<u>\$ 143,146,382</u>	<u>\$ 140,710,062</u>

**Assets under construction**

Assets under construction have a value of \$4,609,037 (2017 – \$2,192,502) and have not been amortized. Amortization of these assets will commence when the asset is put in service.

---



**City of Wetaskiwin**  
**Notes to the consolidated financial statements**

December 31, 2018

**12 Equity in tangible capital assets**

	<u>2018</u>	<u>2017</u>
Tangible capital assets	\$ 222,538,147	\$ 215,118,762
Accumulated amortization	(79,391,765)	(74,408,700)
Long term debt	<u>(25,780,436)</u>	<u>(25,848,532)</u>
	<u>\$ 117,365,946</u>	<u>\$ 114,861,530</u>

**13 Accumulated surplus**

	<u>2018</u>	<u>2017</u>
Unrestricted surplus	\$ 3,592,099	\$ 3,214,028
Restricted surplus - reserves	10,389,396	7,135,200
Equity in tangible capital assets	<u>117,365,946</u>	<u>114,861,530</u>
	<u>\$ 131,347,441</u>	<u>\$ 125,210,758</u>

**14 Restricted surplus - reserves**

	2017	Increase	Decreases	2018
<b>Operating reserves<sup>1</sup></b>				
Airport	\$ 9,502	\$ -	\$ -	\$ 9,502
Equipment pool	227,405	1,108,687	897,818	438,274
Fire	170,850	275,000	76,336	369,514
Infrastructure tax reserve	537,983	1,451,040	892,361	1,096,662
Land development	15,435	-	-	15,435
Library reserve	49,754	10,011	-	59,765
Manluk Pool	130,963	-	-	130,963
Royal Canadian Mounted Police	50,000	208,306	-	258,306
Sewer and water	3,254,407	2,503,936	1,700,586	4,057,757
Solid waste	1,163,023	266,832	-	1,429,855
Snow removal stabilization	803,584	-	-	803,584
Special community reserve	50,086	-	-	50,086
Unspecified	110,224	832,556	87,833	854,947
Work-in-progress	362,615	401,033	23,521	740,127
Cemetery care fund - Memorial	150,208	14,299	139,725	24,782
Cemetery care fund - Old	49,161	676	-	49,837
	<u>\$ 7,135,200</u>	<u>\$ 7,072,376</u>	<u>\$ 3,818,180</u>	<u>\$ 10,389,396</u>

<sup>1</sup> At the discretion of Council, various operating reserves may be used for capital expenditures.

---

## City of Wetaskiwin

### Notes to the consolidated financial statements

December 31, 2018

---

#### 15 Segmented disclosure

The City of Wetaskiwin provides a range of services to its ratepayers. For each reported segment, revenues and expenditures 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.

Refer to Schedule 6 of Segmented disclosure.

---

#### 16 Trust funds

The City of Wetaskiwin administers the following trusts, which are excluded from the City's consolidated financial statements:

	<b>2018</b>	<b>2017</b>
Beautification program	\$ 1,648	\$ 1,627
Christmas hamper	31,451	31,043
Archives	9,514	9,391
Volunteer fire department	37,528	31,864
City of Wetaskiwin Ashoro	13,469	13,468
	<u>\$ 93,610</u>	<u>\$ 87,393</u>

---

## City of Wetaskiwin

### Notes to the consolidated financial statements

December 31, 2018

#### 17 Salary and benefits disclosure

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta regulation 313/2000 is as follows:

	Salary <sup>1</sup>	Benefits and allowances <sup>2,3</sup>	2018 Total	2017 Total
Mayor Elliot (i)	\$ -	\$ -	\$ -	\$ 66,622
Mayor Gandam (i, ii)	71,573	2,598	74,171	42,690
Councillor J. Boyda (i)	-	-	-	32,399
Councillor J. Branco (iii)	-	-	-	20,943
Councillor B. Horvey (i)	-	-	-	28,497
Councillor P. MacQuarrie	37,307	5,711	43,018	45,340
Councillor W. Neilson	35,279	5,711	40,990	40,983
Councillor D. Billingsley (ii)	33,834	195	34,029	6,210
Councillor P. Ganske (ii)	34,147	2,404	36,551	6,610
Councillor A. Hilgartner (ii)	33,664	2,441	36,105	7,463
Councillor K. Lonsdale (ii)	32,653	5,723	38,376	7,844
City Manager (iv)	202,632	24,783	227,415	204,332
Acting City Manager (iv)	13,568	1,867	15,435	-
Designated Officer	112,116	20,962	133,078	128,884
	<u>\$ 606,773</u>	<u>\$ 72,395</u>	<u>\$ 679,168</u>	<u>\$ 638,817</u>

1 Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, retiring allowances and any other direct cash remunerations.

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 Benefit figures also include the Employer's share of the costs of additional taxable benefits including special leave with pay, financial planning services, and retirement planning services, concessionary loans, travel allowances and club memberships.

i Council term completed October 2017

ii Council term started October 2017

iii Councillor resigned July 2017

iv City Manager terminated in November 2018, Acting City Manager commenced December 2018

#### 18 Local Authorities Pension Plan (LAPP)

Employees of the City of Wetaskiwin participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP serves about 259,714 members and 420 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 expenditures in the year in which they become due.

The City of Wetaskiwin is required to make current service contributions to the LAPP of 10.39% (2017 – 10.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% (2017 – 14.84%) on pensionable earnings above this amount. Employees of the City of Wetaskiwin are required to make current service contributions of 9.39% (2017 – 9.39%) of pensionable salary up to the year's maximum pensionable salary and 13.84% (2017 – 13.84%) on pensionable salary above this amount.

---

## City of Wetaskiwin

### Notes to the consolidated financial statements

December 31, 2018

---

#### 18 Local Authorities Pension Plan (LAPP)

Total current service contributions by the City of Wetaskiwin to the LAPP in 2018 were \$799,976 (2017 - \$824,538). Total current service contributions by the employees of the City of Wetaskiwin to the LAPP in 2018 were \$732,074 (2017 - \$763,924).

At December 31, 2017, the LAPP reported the value of its assets at \$42.7 billion (2016 - \$37.7 billion) with the actuarial surplus for 2017 - \$4.8 billion (2016 - \$637 million deficiency).

---

#### 19 Commitments

##### Leases

The City has entered into agreements to lease equipment and buildings for various periods until 2022. The minimum lease payments for equipment and buildings in aggregate for each of the next five years are as follows:

2019	\$	94,666
2020		74,006
2021		32,112
2022		4,667
2022		-

##### Payments

The City of Wetaskiwin is also committed to make the following payments to community organizations until 2019:

2019	\$	50,000
------	----	--------

---

#### 20 Contingencies

The City of Wetaskiwin is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the City of Wetaskiwin could become liable for its proportionate share 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.

The City of Wetaskiwin has been named in two lawsuits, which have been estimated by management and their consultants as unlikely to materialize. As such, no loss has been accrued in these financial statements.

---

---

**City of Wetaskiwin**  
**Notes to the consolidated financial statements**

December 31, 2018

---

**21 Financial instruments**

The City of Wetaskiwin's financial instruments consist of cash and cash equivalents, accounts receivable, investments, employee benefit obligations, landfill closure and post-closure liability, accounts payable and accrued liabilities, deposit liabilities, and long-term debt. It is management's opinion that the City of Wetaskiwin is not exposed to significant interest or currency risks arising from these financial instruments.

The City of Wetaskiwin is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the City provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

---

**22 Related party transactions**

Subdivision land development expense includes \$30,239 (2017 – \$30,239) paid to West Central Planning Agency of which the City has an interest.

During the year \$251 (2017 - \$nil) was paid for tendered services to a company controlled by a City Councillor.

---

**23 Approval of financial statements**

Council and management have approved these financial statements.

---

**24 Comparative Figures**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

---

# City of Wetaskiwin

## Notes to the consolidated financial statements

December 31, 2018

### 25 Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The City of Wetaskiwin contractual rights arise because of contracts entered into for various service, long term rental leases. Contract rights arise from the normal course of business and are not reflected in the consolidated financial statements until revenues or assets are received. The following table outlines the contractual rights of the City of Wetaskiwin for future assets:

	2019	2020	2021	2022	2023	Thereafter
Garden Meadows Reservoir	\$ 184,584	\$ 184,584	\$ -	\$ -	\$ -	-
City owned property leases	204,981	204,981	204,981	200,988	-	-
<b>Total:</b>	<b>\$ 389,565</b>	<b>\$ 389,565</b>	<b>\$ 204,981</b>	<b>\$ 200,988</b>	<b>\$ -</b>	<b>-</b>

### 26 Restructuring Transactions

On November 13, 2018 the City of Wetaskiwin completed a restructuring transaction with the Wetaskiwin Community Transport Society. The City of Wetaskiwin and Wetaskiwin Community Transport Society agreed that the City of Wetaskiwin would assume all responsibility for operations of the Transit services, as well as assuming all assets and employees. The two parties undertook the restructuring to ensure the long term sustainability of the transit service which resulted in the transfer of all assets, all employees and all future operations from Wetaskiwin Community Transport Society to the City of Wetaskiwin. The City of Wetaskiwin and Wetaskiwin Community transportation Society had shared control of the city's transportation prior to restructuring. This transfer took place without consideration and transferred at cost. There was no restructuring related costs incurred by the City of Wetaskiwin.

As a result of the restructuring assets and liabilities in the following financial statement classifications were recognized by The City of Wetaskiwin at the restructuring date:

	Carrying Value transferred
Bank	\$ 226,079
Accounts Receivable	16,168
Assets (NBV)	36,909
Accounts Payable	<u>(12,698)</u>
Gain/loss recognized in the statement of operations due to restructuring	<u>\$ (266,458)</u>